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*VENDOR ANALYSIS*  
*PROGRAM*

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# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

April 1998

## IBM Global Services

**Senior Vice President and Group Executive:**

**Sam Palmisano**

**Route 100**

**Somers, NY 10589**

**Phone: (914) 766-1900**

**Internet: [www.ibm.com/services](http://www.ibm.com/services)**

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Status:	Business Unit
Parent Company:	IBM Corporation
Employees (12/97)	116,000
Revenue (12/97)	\$19,300,000,000

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### Key Points

- IBM Global Services is the world's largest IT services provider, with over 116,000 employees in 164 countries.
- Services are broadly defined as network services, product support, and professional services, with a number of cross-discipline services being developed or repackaged and offered as electronic business services.
- IBM Global Services' electronic business services portfolio, which spans across functional units, includes e-business advisory services, intranet/extranet services, e-commerce services, security services, managed network services, distributed learning services, and support services.
- Services, including electronic business services, are offered for all stages of IT development: plan, architect, construct, and operate.
- Solutions for small- and medium-sized businesses, sold mainly through IBM Business Partners, are increasingly the focus of new product design and packaging.

## Company Description

IBM Global Services is the largest IT services company in the world. The business unit offers strategic IT solutions including product support, network services, consulting, outsourcing, systems integration, and education and training.

In May 1997, IBM agreed to pay \$450 million for Sears, Roebuck and Company's 30% share of Advantis, the networking services joint venture formed in December 1992 between IBM and Sears, resulting in IBM's full ownership of the organization.

## Company Strategy

IBM Global Services' mission is "to be recognized as the leader in IT services by enabling our customers to use technology to be leaders in their marketplaces."

To support this mission statement, IBM Global Services has reevaluated its services offerings and moved significantly into Internet- and intranet-enabled environments. IBM Global Services has defined e-business as "transforming key business processes by using Internet technology." This has led to a number of initiatives including "Reinventing Product Support Services" and the development of an e-business services portfolio.

## Organization and Structure

In January 1995, IBM formed the IBM Global Services organization, consolidating three former services units—IBM ISSC, IBM Global Network, and Availability Services—into one global services organization, reducing and streamlining the number of service offerings. IBM Global Services is headed by Senior Vice President and Group Executive Sam Palmisano.

IBM Global Services offerings are based on four global competencies:

- Managed operations (outsourcing)
- Systems integration/application development
- Education and training
- Consulting (provided across the three other competencies)

IBM Global Services is organized by geography, with each geography headed by a General Manager, except for Network Services which is organized globally:

- North America, headed by Doug Elix
- Europe/Middle East/Africa, headed by Hans Ulrich Maerki
- Asia/Pacific, headed by Fred Amoroso
- Latin America, headed by George Khoury

Each major geographic region is organized into three business segments:

- **Product Support Services (PSS)**

Prepackaged and customized solutions for IT planning, design, implementation, and operational management; multivendor technical support; and Web site development and management are offered through PSS. Services have support options available for both technical staff as well as the computer user.

- **Professional Services**

Business transformation consulting, application development, project management, outsourcing services, and integration services offered by business operation or throughout a client organization.

- **Network Services**

IBM Global Services operates data/voice/video networks; creates private networks; offers managed e-Commerce, Internet and intranet, messaging and collaborative services; provides network outsourcing services; and delivers education and training through connectivity and delivered over the IBM Global Network.

The IBM Global Network provides local Internet access in over 1,000 locations in more than 50 countries and offers leased line or dial connections in 900 cities in more than 100 countries. Network Services serves 33,000 companies and institutions worldwide.

IBM Global Services also has a number of teams that channel industry-specific solutions through the above-named business segments. The industry teams include: banking, finance and securities; chemicals; community finance; distribution; education; forest products; government; health; insurance; manufacturing; metals and mining; process and petroleum; retail distribution; telecommunications and media; textiles; travel and transportation; utility and energy service; and wholesale distribution. There are also groups dedicated to offering solutions for mobile and wireless computing and small- and medium-sized enterprises.

## Financials

IBM Global Services reported \$19.3 billion in revenue for fiscal 1997.

Exhibit 1

**Three-Year Revenue Summary (\$ in billions)**

	1997	1996	1995
Revenue	\$19.3	\$15.9	\$12.7
• Percent change from previous year	22%	25%	n/a

Source: IBM Corporation

IBM does not publicly announce revenue by services, but does provide some financial highlights and growth percentages, allowing INPUT to develop the following figures:

- INPUT estimates that \$10 billion of IBM Global Services revenue was attributed to PSS, with \$6 billion in maintenance revenue and \$4 billion in revenue from other support services, with significant growth in multivendor support services.  
PSS revenue developed through IBM Business Partners doubled in 1997 versus the previous year to approximately \$1 billion.
- Professional services, including managed services, reported 32% revenue growth in 1997 over the previous year.

INPUT estimates that IBM Global Services \$19.3 billion in fiscal 1997 revenue was derived approximately as follows, by INPUT product/service definition:

Maintenance	31%
Network Services	14%
Outsourcing	31%
Professional Services	12%
Systems Integration	<u>12%</u>
	100%

### **Acquisitions**

In March 1998, IBM announced its intention to acquire The Chem Systems Group, Inc., a management consulting firm serving chemical and petroleum companies. The company will operate as Chem Systems, An IBM Company as part of the Consulting Group within IBM Global Services. Chem Systems is more than 33 years old, with main offices in London and New York and supporting operations in Asia Pacific and worldwide, and employs approximately 160 people.

### **Market Focus**

IBM Global Services currently participates in eleven major vertical industry segments, including education; finance; insurance; health; manufacturing; distribution; media and telecommunications; government; travel and transportation; utilities; and process and petroleum.

## Employees

IBM Global Services has more than 116,000 service employees in 160 countries. More than 20,000 employees to date are focused on e-business.

- Product Support Services has more than 40,000 employees that function as IT planning professionals; design, implementation and operational specialists; and systems management specialists.
- Professional Services has more than 60,000 application developers, systems integrators and outsourcing professionals, more than 4,000 professional consulting practitioners and information technologists, and at least 3,500 devoted to education and training functions.
- Network Services employs more than 8,000 worldwide.

INPUT estimates that over 33,000 IBM Global Services employees are assigned to managed operations.

## Key Services

Services offered by IBM Global Services by business segment are outlined below.

### *Managed Operations*

The company provides day-to-day management for significant portions, if not all, of the client's IS infrastructure, including operations, production control, end-user support, maintenance, and application development and maintenance.

IBM Global Services may also work with clients to design a new IS environment, then develop and manage the total implementation.

The implementation may include consolidation of multiple data centers, voice and data networks, standardization of platforms, application convergence, and systems management.

Managed operations services are available from IBM Global Services as follows:

- Remote Systems Operations—IBM Global Services remotely manages the client's current systems from its four regional facilities in the U.S. and others worldwide.
- Onsite Operations—IBM Global Services assumes on-site operational responsibility, which may involve the consolidation and restructuring of existing facilities.
- Shared Host Environment—The customer's processing requirements are brought into an existing IBM Global Services facility.

IBM Global Services also provides applications management outsourcing, including applications development, maintenance, and operations.

### *Network Services*

IBM Global Services maintains and operates the IBM Global Network, which serves 33,000 customer enterprises in 900 cities and 100 countries.

IBM Global Services provides Internet services, which include Internet access and content hosting, secure networking and firewall services, e-mail and messaging services, and web EDI.

Network Services also offers managed data network services and network outsourcing services.

### *Product Support Services*

- Business Recovery Services (BRS)—consulting services and recovery support for large systems, midrange and distributed environment customers.

Services offered by BRS include anti-virus services, business resumption services, consultation services, high-availability services, recovery services, workgroup and voice recovery services, and Year 2000 testing services.

- Hardware and software support services
  - Hardware and software support services include planning, design, installation, migration, and change services; maintenance support services; integration services; and operational support services.
  - Hardware support services includes hardware services for IBM systems and multivendor services for non-IBM systems.
  - Software support services includes software services for IBM operating systems, systems software and middleware over all IBM platforms, and selected services for multivendor software.
- Site and connectivity services
- Systems management and networking services
  - Systems management and networking services include asset services, help desk services, network consulting, networking product services, performance management and capacity planning services, software distribution and deployment services, systems management consulting, and testing services.

### *Professional Services*

- Business transformation and management consulting
  - Data security consulting
  - Information technology consulting

- Object technology services
- Education and training services
- Electronic business services (see e-business services portfolio below)
- Enterprise application enabling services
  - Business intelligence
  - Enterprise resource planning
  - Year 2000 services
- Strategic outsourcing: operational management solutions and customized solutions
- Systems integration services

*e-business Services Portfolio (within Professional Services organization)*

IBM Global Services created the "e-business Services Portfolio", a composite portfolio of select electronic business-related services that draws upon service capabilities across business segment.

- Distributed learning services
  - Custom intranet-based education
  - Internet-based learning
- Electronic business advisory services
  - One day e-business seminars
  - One to two day opportunity workshops to help attendees prioritize top e-business opportunities
  - Three day strategy workshops where attendees create custom e-business plans
- Electronic commerce services
  - Business planning for electronic commerce
  - Electronic financial services
  - Electronic retailing/trade
  - Electronic transaction services
- Internet/extranet services
  - Application services



- Infrastructure services: assessment, architecture design and implementation
- Messaging services: messaging design, e-mail migration and enterprise messaging integration
- Managed network services: operational services for connectivity, network management and network security
- Security services
  - Awareness workshops
  - Assessments & planning services
  - Architecture & design services
  - Implementation services
  - Management services
- Support services
  - Consulting
  - Outsourcing and operational support

The e-business Services Portfolio spans the stages of an enterprise's electronic business development: plan, architect, construct, and operate.

#### *Network-Delivered Application Services*

In February 1998, IBM and JD Edwards announced a service that allows network-delivered access to JD Edwards enterprise resource planning software. The service is available through IBM Global Services for a small initial charge and a monthly per-user charge.

Designed to provide small- and medium-sized businesses with key business management systems applications, Business Computing Utility (BCU) is a network-delivered application service that allows remote data access, query, transfer and reporting functions of management systems applications billed on an as-used basis. Typical business management applications of the BCU include: general ledger, asset accounting, accounts payable, accounts receivable, order entry, billing and inventory.

#### **Clients**

Sample clients of IBM Global Services include American Express Financial Advisors; Ameritech; Baxter Healthcare Services, Inc.; Eastman Kodak Company; Federal Express; Hertz, Marriott International; Nintendo of America, Inc.; Pacific Bell; Phillips Petroleum; Pitney Bowes; Prudential; Rubbermaid; Texas Instruments; Unocal; Washington Mutual; and Waste Management, Inc. For a sampling of outsourcing clients, see Exhibit 2.



## Marketing and Sales

IBM Global Services is aggressively seeking to increase the number of resellers and business partners marketing its services. The majority of IBM PC's are sold and delivered through the Business Partner channel and IBM Global Services would like PC services to have similar percentages.

Strategically, IBM Global Services wants partners to reach small- and medium-sized businesses, as IBM Global Services is projecting greater growth in small- and medium-sized businesses versus companies with greater than 500 employees.

With more than 100 training partners worldwide, partners now deliver more than 20 percent of IBM training. IBM Global Services is also looking to partners to sell and deliver Y2000 services before, during, or after the application code is being assessed and converted by IBM.

### *New sales channels*

IBM Global Services is not exclusively focused on partner channels, as a couple of new distribution approaches have been implemented:

- IBM Direct Marketing allows customers to buy services directly from IBM telesales agents.
- Network-based IT services that can be purchased on the Internet include Web site hosting, IBM's HomePage Creator, IBM Global Campus, and OneWeb.

Exhibit 2

**IBM Global Services, Sample Outsourcing Awards  
1997 through 1Q 1998**

IBM Client	Industry	Award (\$M)	Outsourcing Type	Length (Yrs.)	Year
Alberta (Canada) "Wellnet"	Health	250	Application Management	5	1997
American Power Conversion	Utilities	30	Network Mgt.	10	1997
Ansett Australia	Transport	300	Network Mgt.	7	1997
Cathay Pacific Airways	Transport	150	Systems Management	9	1998
Daiwa Bank	Finance	200	Application Operations	10	1997
El Camino Hospital	Health	65	Network Mgt.	10	1997
FNAC	Retail	127	Application Operations	7	1997
G.E. Capital	Business Services	1,500	Systems Management	10	1998
Halliburton	Utilities	400	Intranets/Extranets/Web Hosting	7	1998
Italcementi	Proc. Mfg.	41	Systems Development	7	1998
Karstadt	Retail	200	Application Operations	10	1997
Lincoln National	Insurance	72	Systems Development	6	1998
Mazda	Disc Mfg.	24	Intranets/Extranets/Web Hostinga	2	1998
Mercantile Mutual	Insurance	74	Desktop Svcs.	5	1997
Monsanto	Proc. Mfg.	450	Application Operations	10	1997
New Zealand Dairy Board	Misc. Industries	20	Systems Management	2	1998
Nova Gas Transmission Ltd.	Proc. Mfg.	392	Desktop Svcs.	5	1997
Pearl Assurance	Insurance	50	Application Operations		1997
Prudential Corp. Australia	Insurance	44	Systems Management	5	1998
Prudential Insurance Co.	Insurance	200	Application Management	5	1997
Ryder System, Inc.	Transport	1,400	Application Operations	10	1997
Ryder System, Inc.	Transport	700	Business Operations	10	1997
SC Johnson Wax	Proc. Mfg.	200	Technical Consulting	10	1998
Snow Milk Products	Proc. Mfg.	6	Systems Management	1	1998
Telstra	Telecom	2,900	Application Operations	10	1997
TruServ	Disc Mfg.	32	Application Management		1997
VARIG Brazilian Airline	Transport	300	Application Operations		1997
VHA Inc.	Health	100	Network Mgt.	3	1997
Westchester County, NY	State/Local	85	Application Operations	7	1997

Source: INPUT

### *Shrink-wrapped services*

IBM Global Services has developed pre-packaged technical support services for the partner and reseller channel, called ServicePacs, that are predefined and prepriced for maintenance and services on both IBM and non-IBM technology.

ServiceSuite™ is a prepackaged suite of IBM maintenance services for hardware with options to include Support Line and Alert services or Support Line, Alert Services and on-site software maintenance.

ServiceElect™, similar to ServiceSuite™, is designed primarily for large enterprises that need to craft a customized, integrated services solution. ServiceElect™ combines hardware maintenance with other product support services in one consolidated contract.

Protection Express for AS/400 and RS/6000 is a flexible set of services prepackaged for small- and medium-sized businesses that ensure customers' business-critical applications will be accessible in the event of a system outage or disaster.

IBM Global Services introduced six packaged offerings for education and training services in February 1998: the IBM Education Card offers unlimited IBM education and training in public classes and conferences for one year at one price; the IBM Education Pack is a book with \$5,000 in coupons to be used towards IBM education and training; the IBM AIX Education Starter Kit is five days of basic AIX training at public classes and a series of IBM Redbooks on CD-ROM for RS/6000 owners; the IBM AS/400 Education Starter Kit provides admittance to attend any two AS/400 classes and the AS/400 series of IBM Redbooks on CD-ROM; AIX Essentials is a series of five computer-based multimedia training courses based on IBM's AIX training classes; and, the AS/400 Training Library, a series of three AS/400 courses on CD-ROM.

### **Recent Alliances**

In March 1998, GE Capital Services and IBM Global Services entered into a long-term information technology alliance. IBM acquired the commercial data center outsourcing business of GE Capital Services Technology Management Services (TMS) and will serve its current external customers worldwide. IBM will manage the data center and various network operations for GE Capital Services' businesses, as well as for GE Capital Services' customers. GE Capital Services will outsource its mainframe and midrange processing for its own businesses to IBM Global Services.

In February 1998, IBM and J.D. Edwards entered an agreement where customers can access J.D. Edwards ERP applications through a secure IBM Global Network link to a professionally-managed and operated IBM data center for a small initial charge and a monthly per-user charge.

Alliances announced in 1997 include those with Andersen Consulting, BellSouth, Daiwa Bank (Japan), NetDynamics, Novartis, Telebras/Embratel, and Telstra.

## Competition

IBM Global Services' key competitors include Andersen Consulting, Cap Gemini, Digital, EDS, CSC, GEIS, Hewlett-Packard, MCI Systemhouse, NTT Data, Perot Systems, and Unisys.

## Assessment

IBM Global Services' rapid rise to preeminence in IT services is nearly unique for organic growth within a preexisting organization. IBM Global Services has no intention on letting up the pace, even stealing some of the headlines from another high-profile success story, GE Capital TMS through the outsourcing of GE Capital's data center management business to IBM Global Services.

Quality products, economies-of-scale and simple yet attractive pricing, partnerships that build on complementary skills, and IBM's heritage and reliability are the major selling points of IBM Global Services e-business offerings. As a new entrant to the e-business arena, IBM Global Services is concentrating on contracts that represent a client's initial entry into e-business, rather than going after contracts that have existed in the past. IBM Global Services will continue to expand its services, positioning itself as a viable option for multiple services or complete solutions to customers of all sizes.

## COMPANY PROFILE

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### **IBM INFORMATION NETWORK**

3405 West Drive  
Martin Luther King, Jr. Boulevard  
P.O. Box 30021  
Tampa, FL 33630  
(813) 878-3000

Syd N. Heaton, General Manager  
Operating Unit of IBM Corporation  
Total Employees: 1,600  
Total Revenue, Fiscal Year End  
12/31/91: \$375,000,000\*

\*INPUT estimate

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### **The Company**

IBM Information Network, founded in 1982, provides value-added network services and remote computing processing services worldwide.

The company's strategic objectives are to:

- Participate in value-added services business opportunities
- Help provide IBM's end-to-end communications solutions
- Enhance IBM's efficiency and competitive advantage

INPUT estimates that IBM Information Network's 1991 noncaptive revenue was \$375 million. IBM Information Network management states that the company is growing at twice the industry average.

IBM Information Network currently has about 1,600 employees, of which 700 are at the Tampa headquarters, 900 at other U.S. locations.

### **Key Products and Services**

INPUT estimates that approximately 70% to 75% of IBM Information Network's revenue is derived from network services and the remaining 25% to 30% from processing services.

IBM Information Network operates an international network with leased-line and dial access available from hundreds of cities in more than 90 countries worldwide.

- Customers can use the resources and facilities of the IBM Information Network to outsource their network implementation or to extend the reach of their existing network.

- The network can provide customers with native support for SNA-based systems and networks, as well as non-SNA systems, making it easy for customers to communicate with large and small domestic or international business partners.
- Valued-added services that address specific business communications requirements include electronic mail, electronic data interchange (EDI), access to commercial data bases and information services, remote computing services, and support services for IBM and non-IBM software.

#### *Network Services:*

Network Services provides customers with an easy way to connect to a ready-to-use, fully-managed and secure international network based on IBM's networking technology.

- Customers can use Network Services to configure almost any combination of terminal-to-host, host-to-host, and peer-to-peer connections, in single vendor or multivendor environments, within or between organizations.
- Network Services provides data communications facilities, international service, around-the-clock availability, protocol and line speed conversions, network management using IBM's NetView and other advanced network management tools, on-line problem reporting and tracking, end-user screens and selection menus, and local sales and end-user support.

Services are based on an SNA high-speed network providing SNA connections in 31 countries with leased-line access at speeds up to 64,000 bps and dial access at line speeds of 300 to 19,200 bps.

- Leased-line nodes are available in:
  - 100 cities in the U.S.
  - 13 cities in Canada
  - 157 cities in 17 countries in Europe
  - 74 cities in four Asia/Pacific countries
  - 7 cities in Latin America
- Dial access nodes are available in:
  - 276 cities in the U.S.
  - 19 cities in Canada
  - 168 cities in Europe
  - 74 cities in Asia/Pacific countries
  - 7 cities in Latin America

- Additional access is available via:
  - 1-800 number service
  - Public packet switched data networks (PSDN) in more than 50 additional countries and locations, via an X.25 gateway in Zoetermeer, the Netherlands
- Protocols supported include:
  - SNA/SDLC
  - X.25
  - Asynchronous (ASCII files supported)
  - Bisynchronous
  - ISDN (selected U.S. cities and Japan)
- More than 450 devices have been tested and approved for network attachment, including:
  - IBM SNA networks and host computers (via leased lines only)
  - IBM AS/400 and System/3X computers
  - IBM PCs, PS/2s, and PC LANs
  - IBM 3270 terminals and devices with 3270 emulation, including non-IBM hosts and midrange systems
  - X.25 processors
  - RJE workstations and devices with RJE emulations

#### *Electronic Mail:*

IBM Mail Exchange, IBM's international electronic mail service, extends the reach of internal mail systems by providing connections to business partners and systems of all sizes around the world.

- Customers can use a variety of internal systems to send messages to each other, or use mailbox services provided by IBM Mail Exchange.
- Service features include simplified addressing, format conversions, electronic trade and user directories, and additional security.
- IBM Mail Exchange, either directly or via service provider agreements, can forward electronic mail messages to telex, FAX, and postal destinations.
- Connectivity is available between a range of host, midrange, and other office systems, both IBM and non-IBM, including the Office Vision family of products, Professional Office System

(PROFS<sup>®</sup>), Distributed Office Support Systems (DISOSS), Personal Services, and the IBM Information Network's EDI mailbox service.

- IBM Mail Exchange also supports non-IBM and IBM office systems conforming to the X.400 messaging standard. X.400 office systems on X.25 processors can connect directly to an IBM Information Network node.
- IBM is committed to international standards such as OSI and its messaging components, including X.400 and the X.500 standard for directory services, and is currently attending meetings of the X.500 North American Directory Forum with other electronic mail providers with the purpose of bringing X.500 to the marketplace.
- The IBM Information Network has agreements with AT&T, BT Gold, BT North America, GE Information Services, JANET, MCI, Norway PTT, Sprint International, Telecom Finland, and the Netherlands PTT Memocom-400 Net for exchanging mail using X.400.

*IBM expEDItE Family of EDI Solutions:*

The IBM Information Exchange (IE) is an international storage and retrieval networking service that uses an electronic mailbox for convenient and cost-effective data communications.

- The IE mailbox can be used to exchange virtually any kind of information, from an electronic message to a very large data file, between a range of IBM and non-IBM processors, midrange systems, PCs, and RJE workstations.
- The IE mailbox provides the heart of IBM Information Network's international EDI communication service, IBM expEDItE<sup>®</sup> Services. It supports sending and receiving EDI data in ANSI X12, UN/EDIFACT, UN/TDI, and UCS standards.

IBM expEDItE Services includes ready-to-use software for customer systems and interfaces that manage communications with the mailbox.

- Interfaces are available for MVS, CICS, OS/2, and AIX operating systems and the IBM PC, IBM AS/400, IBM System/36, and RJE workstations.



- Using the IBM expEDItE Interconnect Service, companies can exchange X12 or UCS data with trading partners using other EDI service networks. Current network interconnections include:
  - Agridata Resources, Inc.
  - AT&T
  - BT TYMNET
  - Harbinger Computer Services
  - GE Information Services
  - Kleinschmidt
  - Sears Technology Services
  - Sterling Software ORDERNET
  - Telecom Canada
  - TranSettlements
  - Western Union

The IBM expEDItE Data Interchange Series offers data translation and management control of EDI transactions. Software products that run on a customer's processor are available for MVS, MVS/CICS, and midrange processors.

*Other Network Services:*

IBM Information Network customers can access more than 2,000 commercial data bases, bulletin boards, electronic catalogs, and industry-specific services via a single connection to the network. Access via leased lines can provide high-speed, full-screen access to services.

Software Mall by IBM is a collection of electronic "stores" owned and operated by independent software vendors. The stores may provide product information, answers to technical questions, and electronic delivery of program temporary fixes. Users with a Software Mall ID can also access bulletin boards, data bases, manuals, software updates, and send electronic mail messages within the mall.

Various companies and industry associations have combined their resources with the IBM Information Network to provide industry-specific solutions. These include:

- An on-line UPC product catalog for the retail industry
- A shared network that links insurance companies, independent agents and service providers for on-line applications and electronic mail
- A multi-company order entry service for health care providers

- An on-line agricultural data base and other specialized service for producers and agribusiness companies

#### *Capacity (Processing) Services:*

The IBM Information Network also offers Capacity Services that provide IBM software and computer processing resources via a number of service options. Customers can develop and test applications or run production network processors in either shared environments (Remote Computing Services or Shared Capacity Services), or in private customized environments (Dedicated Processor Custom Offering).

- In the Remote Computing Services environment, cost is variable and usage-based.
- In the Shared Capacity Services environment, costs to the user are fixed.

The network supports on-line MVS/TSO, VM/CMS, and CICS/VS interactive environments for application development, testing, and production.

IBM program products for relational data bases include SQL/DS and DB2.

Languages and compilers available include OS/VS COBOL, VS COBOL II, VS FORTRAN, ASSEMBLER, C, and PL/1, to name a few.

Application Systems (AS) is an IBM program product with multiple, integrated application functions such as business planning, statistical analysis, forecasting, reporting, business graphics, and project management.

With the Dedicated Processor Custom Offering, a customer essentially owns all or a portion of a CPU along with auxiliary storage that is located at IBM Information Network facilities. IBM personnel manage and maintain the CPU complex, the operating system, and perform basic I-O functions. The customer controls the application.

#### **Industry Markets**

The IBM Information Network is used by clients across industry sectors.

The network's customer base includes more than 900,000 registered user IDs.

**Geographic  
Markets**

INPUT estimates that approximately 50% of IBM Information Network's revenue is derived from the U.S. and 50% from international sources.

IBM Information Network supports over 18,000 customers worldwide.

In addition to its headquarters in Tampa, IBM Information Network has U.S. offices in Dallas (TX), White Plains (NY), and Boulder (CO).

International offices are located in Ontario (Canada), the Netherlands, Japan, and Australia.

**Computer  
Hardware and  
Software**

The IBM Information Network maintains an unspecified number of IBM mainframes running under MVS/TSO, CICS/VS, and VM/CMS at data centers in Tampa and Dallas.

International Network Control Centers are located in the Netherlands, Japan, and the U.K.



## COMPANY PROFILE

**IBM INFORMATION SERVICES**  
**Information Network**  
472 Wheelers Farm Road  
Milford, CT 06460  
(203) 783-7000

Syd N. Heaton, Vice President  
Unit of IBM Information Services  
(IBM Corporation)  
Total Employees: 1,200\*  
Total Revenue, Fiscal Year End  
12/31/85: \$100 Million\*

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### THE COMPANY

- Information Network (IN), formed in 1982, operates as part of IBM Information Services, an independent business unit. IN offers networking and remote processing services.
  - The network provides remote computing power and networking facilities to supplement in-house systems during high-usage periods, for applications development, and for inter- and intra-company linkages.
  - The network also provides electronic office and decision support applications, and electronic data interchange services.
- Major competitors in remote computing services are Control Data Corporation, General Electric Information Services (GEISCO), McDonnell Douglas Information Systems Group, and Automatic Data Processing. Primary network services competition comes from AT&T, U.S.Telenet, and McDonnell Douglas's Tymnet.

### KEY PRODUCTS AND SERVICES

- INPUT estimates that approximately 80% of IBM IN's 1985 revenue was derived from remote computing services (primarily interactive processing) with approximately 10% from network services, and 10% derived from licensing Application System (AS) software. INPUT estimates that as much as 30% of the network's total income is derived from services to other IBM entities (i.e., captive).
- IN links customers to one of three IBM computing centers (Tampa (FL), Dallas (TX), or Cary (NC)) through over 100 nodes providing access in over 250 cities. International access is newly available through links to IBM World Trade Europe/Middle East/Africa Corporation, and IBM Japan. This new offering is called IBM Intercontinental Information Services (ISS). Access is also possible through U.S. Telenet. More than 200 programs and advanced operating systems are available. Two categories of service are supported: Network Services, for linking a customer's mainframes and terminals in a managed network environment, and Remote Computing Services.

\*INPUT estimate

- Within Network Services the Information Exchange provides store and forward and other value-added services, including Electronic Data Interchange services.
  - IN hosts Ad/TRACs (Advanced Transaction Rearrange and Conversion System), developed by Advanced Technology Systems (Norcross, GA), within the Information Exchange store and forward services for EDI applications.
  - Ad/TRACs requires users to define input and output from the network in advance. The tool used is the On-Line Definition Facility.
  - Messages are intercepted and converted by the In-Flight Transaction Module.
  - This supports subroutines such as calculations, combinations, date computations, conditional selection of data or records for processing and use of conditional logic.
  - It is available on Insurance Communications Services, and more generally, within Product Information Exchange Services.
- Electronic Support Facility (ESF) is an integrated personal computer-to-mainframe application that allows information providers to create libraries from which users can retrieve information. ESF also provides mailboxes to facilitate communication between information providers and their subscribers.
- Remote Computing Services are offered on either the VM Productivity System (VMPS) based on VM/CMS or the MVS Productivity System (MVSPS) based on MVS/TSO. VMPS is used in three product categories--The Information Center, The Development Center, and Data Banks. MVSPS is used for applications development, office systems, and personal computing support. Listings of major operating systems and applications available on the network are provided in Exhibit A and Exhibit B.
  - The Information Center (formerly Resources for Personal Computing) provides the non-data processing professional with decision support applications to assist in problem solving, text editing, project management, and financial planning and analysis. Network offerings include the following:
    - Application System (AS), available through the network or as a licensed program product, operates in MVS or VM environments. AS has ease of use features which help make it possible for business professionals with little or no computer experience to:
      - Collect and manage data.
      - Retrieve and analyze information.
      - Produce stylized business reports.

## EXHIBIT A

## IBM INFORMATION NETWORK VM PRODUCTIVITY SYSTEM

APPLICATION AREA/PRODUCT NAME	APPLICATION AREA/PRODUCT NAME
<ul style="list-style-type: none"> <li>• OPERATING SYSTEM AND RELATED CODE               <ul style="list-style-type: none"> <li>- VM/SP</li> <li>- VM/FS</li> <li>- ISPF</li> <li>- CMS SORT FOR VM/370</li> <li>- IIPS</li> <li>- DOS/VSE</li> <li>- VSE/VSAM</li> <li>- VSE/ADVANCED FUNCTIONS</li> <li>- VSE/POWER</li> <li>- RACF/VM</li> <li>- DOS/VSE SORT/MERGE</li> </ul> </li> <li>• DATA BASE/DATA COMMUNICATIONS               <ul style="list-style-type: none"> <li>- DL/I</li> <li>- CICS/DOS</li> <li>- DMS/CICS/VS</li> <li>- RELATIONAL DESIGN TOOL</li> <li>- SOL/DS</li> <li>- CMF</li> <li>- DBEDIT</li> <li>- SOFTSWITCH</li> <li>- PC/VM BOND</li> <li>- MAINFRAME COMMUNICATION ASSISTANT</li> </ul> </li> <li>• PROGRAMMING LANGUAGES (DEVELOPMENT CENTER)               <ul style="list-style-type: none"> <li>- DOS RPG II</li> <li>- OS ASSEMBLER</li> <li>- OS FORTRAN IV</li> <li>- VS FORTRAN</li> <li>- FORTRAN INTERACTIVE DEBUG</li> <li>- PL/I</li> <li>- OS/VS COBOL</li> <li>- VS COBOL II</li> <li>- COBOL INTERACTIVE DEBUG</li> <li>- PASCAL/VS</li> <li>- VS BASIC</li> <li>- VS APL</li> <li>- APL2</li> <li>- IBM BASIC</li> <li>- GDOM</li> <li>- COBOL STRUCTURING FACILITY</li> </ul> </li> <li>• TEXT PROCESSING               <ul style="list-style-type: none"> <li>- DCF</li> <li>- STAIRS</li> <li>- PROFS</li> <li>- HIDI</li> <li>- 6670 PREPROCESSOR</li> <li>- COMPOSITION UTILITY</li> <li>- PROOF</li> </ul> </li> <li>• DATA BANK               <ul style="list-style-type: none"> <li>- INFORMATION/SYSTEM II</li> <li>- DOW JONES NEWS/RETRIEVAL</li> <li>- GDMS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• APPLICATION PROGRAMS (INFORMATION CENTER)               <ul style="list-style-type: none"> <li>- HIPODRAW</li> <li>- PROJACS</li> <li>- PEACS</li> <li>- COBOL SP</li> <li>- APL/CSP</li> <li>- IFFS/OPTIMUM</li> <li>- STATLIB1</li> <li>- STATLIB2</li> <li>- APL GPSS</li> <li>- APL MTS</li> <li>- EXPERT SYSTEM ENVIRONMENT</li> <li>- AS</li> <li>- PROFS</li> <li>- INFORMATION CENTER/I</li> <li>- EZPERT</li> </ul> </li> <li>• CONVERSION AIDS               <ul style="list-style-type: none"> <li>- ASSEMBLER MACRO CONVERSION AID</li> <li>- IBM COBOL CONVERSION AID FROM UNIVAC COBOL</li> <li>- FORTRAN</li> <li>- DOS TO OS ASSEMBLER MACRO</li> <li>- COBOL AND PL/I CONVERSION AID</li> <li>- IBM ANS COBOL FROM:                   <ul style="list-style-type: none"> <li>- HONEYWELL 200 SERIES COBOL</li> <li>- RCA COBOL</li> <li>- NCR CENTURY COBOL</li> <li>- BURROUGHS 2500 SERIES COBOL</li> <li>- GE-415 COBOL</li> </ul> </li> </ul> </li> <li>• GRAPHICS               <ul style="list-style-type: none"> <li>- GRAPHPAK</li> <li>- GDOM</li> <li>- PGF</li> <li>- ICU</li> <li>- INFORMATION CENTER/I</li> <li>- COMPOSITION UTILITY</li> </ul> </li> <li>• INTERACTIVE INSTRUCTION COURSES               <ul style="list-style-type: none"> <li>- 3276/3278 Operator Training</li> <li>- 3270 Operator Training</li> <li>- Administering IIS</li> <li>- Extended Author Training (IIS)</li> <li>- Basic Author Training (IIS)</li> <li>- CICS/VS Command Level Programming</li> <li>- COBOL Interactive Debug Training Course II</li> <li>- Conversational Monitor System (CMS) Fundamentals II</li> <li>- Document Composition Facility Training: CAI</li> <li>- DL/I Basic Programming Course II</li> <li>- DL/I Advanced Programming Course: CAI</li> <li>- IIS Courseware VS FORTRAN</li> <li>- Interfacing APL-based Products</li> <li>- Introduction to A Departmental Reporting System: CAI</li> <li>- Introduction to TSO</li> <li>- Learning to Code OS/VS Job Control Language</li> <li>- Numbering Systems</li> <li>- PL/I Programming: CAI</li> <li>- Programming in VS BASIC</li> <li>- STAIRS/VS Training</li> <li>- Using TSO Effectively II</li> <li>- VSAM and Access Method Service for Programmers</li> </ul> </li> </ul>

## EXHIBIT B

IBM INFORMATION NETWORK INFORMATION EXCHANGE  
MVS PRODUCTIVITY SYSTEM

## APPLICATION AREA/PRODUCT NAME

- SYSTEM SOFTWARE
  - ACF/VTAM
  - DFDSS
  - DFP/XA
  - DFSORT
  - DFHSM
  - GDDM
  - ISPF
  - ISPF/PDF
  - JES2
  - NJE/JES2
  - MSS/E
  - MVS/XA
  - NCCF
  - NPDA
  - RACF
  - RMF
  - SMP/E
  - TSO/E
- PROGRAMMING LANGUAGES
  - APL2
  - BASIC/MVS
  - COBOL INTERACTIVE DEBUG
  - TSO COBOL PROMPTER
  - VS COBOL COMPILER AND LIBRARY
  - VS COBOL II COMPILER AND LIBRARY
  - CODE-AND-GO FORTRAN
  - OS FORTRAN IV (H EXTENDED) COMPILER
  - OS FORTRAN IV LIBRARY (MOD II)
  - TSO FORTRAN PROMPTER
  - VS FORTRAN COMPILER AND LIBRARY
  - VS FORTRAN INTERACTIVE DEBUG
  - PASCAL/VS
  - PL/I CHECKOUT COMPILER
  - PL/I OPTIMIZING COMPILER AND LIBRARIES
  - TSO ASSEMBLER PROMPTER
  - XA ASSEMBLER H

## APPLICATION AREA/PRODUCT NAME

- OFFICE SYSTEMS/TEXT PROCESSING
  - DCF
  - DLF
  - DISOSS
  - PS/370
  - IPDT
- DATA BASE/DATA COMMUNICATION
  - ADF II
  - BTS
  - CSP/AD
  - CSP/AE
  - CSP/Q
  - CICS
  - IMS/VS
  - DBT
  - SDF
- CONVERSION AIDS
  - COBOL STRUCTURING FACILITY
  - DOS/VS TO MVS ASSEMBLER MACRO CONVERSION AID
  - DOS/VS TO MVS COBOL AND PL/I CONVERSION AID
  - HONEYWELL COBOL TO IBM COBOL CONVERSION AID
  - VS COBOL TO COBOL II CONVERSION AID
- PC SUPPORT
  - IBM 3270-PC FILE TRANSFER PROGRAM
  - IBM MAINFRAME COMMUNICATION ASST. TSO
- DATA BANKS
  - INFORMATION LIBRARY
  - LIBRARY/MVS
- IDWS 6670
  - INFORMATION DISTRIBUTED WORKSTATION



- Present information graphically.
  - Use statistical analyses and forecasting routines.
  - Develop business plans and evaluate alternatives.
  - Diagram networks and control large projects.
  - Develop a variety of applications for individual or general use.
  - Create and format letters and manuals.
- Information Center/I is a licensed program providing an integrated, unified, multi-function information center environment compatible with earlier products. Information Center/I offers the following functions through a full-screen interface with prompts and an extensive help facility:
    - Data inquiry and analysis.
    - Casual and formal report formatting.
    - Data entry and validation.
    - Business and financial planning functions.
    - Business graphics.
  - IBM Professional Office System (PROFS) is an office productivity product for managers, professionals, and administrative support staff. Capabilities include personal calendars, electronic mail, document searching, memo preparation, proof-reading, and electronic distribution.
  - Documentation Composition Facility (DCF) is for document information storage and retrieval. This documentation aid includes a text formatter for controlling spacing, verifying spelling, and generating tables of contents. DCF also contains a starter set of markup words, called the Generalized Markup Language (GML), for formatting a document. A Storage and Retrieval System (STAIRS) allows document storage and retrieval and can be used to browse through documents, print selected paragraphs, and perform other text-related functions.
  - The Development Center offers more than 100 tools for developing, testing, and maintaining programs or preparing software for installation on in-house systems, including Interactive Systems Productivity Facility/Program Development Facility (ISPF/PDF) which allows a programmer to leave an activity, request a tutorial, and then return to the activity.
  - Language compilers supported under the VM and VMS systems include COBOL, APL, FORTRAN, Basic, PL/I, Pascal, and Assembler. Many of them are available in more than one version. In addition, the COBOL Structuring Facility is available under both operating systems for converting unstructured OS/VS COBOL programs into structured VS COBOL II programs.

- The Development Center also provides Data Base/Data Communications (DB/DC) program development aids. Under VMPS, a complete SQL/DS environment, including QMF is available. Under MVSPS, a complete CICS/VS environment, including Screen Definition Facility, is available.
- The Document Composition Facility, described under "The Information Center" is also available to Development Center users and is supported by both VMPS and MVSPS.
- IBM-based programming aids, which operate under MVSPS, include:
  - IBM Batch Terminal Simulator, which allows a user's network terminal to become an IMS terminal for testing programs.
  - IBM DB/DC data dictionary, supported under the MVS Background System.
  - IBM Cross Systems Product, which enables a user to develop applications for execution on different operating systems.
- The Development Center also includes products that can be used to develop Artificial Intelligence applications. These include Expert Systems Environment and LISP/VM, both of which are available on the VMPS system.
- The Data Bank is designed to reduce lengthy information searches by systems and application programmers, systems analysts, data base administrators, operators, librarians, and end users. Products provided include the following:
  - INFOExpress, which provides selected customers with direct, electronic access to current IBM product and support data bases as well as to IBM product configurations. In addition, INFOExpress supports the electronic exchange of notes and information between the selected customers and the branch office.
  - Information/System and Information Library data bases contain technical information for VMS, VM, and DOS/VSE environments in the forms of abstracts of complete text. Data is compiled primarily from IBM support and maintenance locations.
  - The network also offers access to a number of third-party data bases including the WESTLAW, OAG, and Dow Jones News/Retrieval Services.

- WESTLAW, a registered trademark of the West Publishing Company, is a computer-assisted legal research service designed to provide researchers with rapid access to current legal information. Users can find information on federal statutory, regulatory, and administrative law, as well as specialized information in the areas of tax, securities, labor, antitrust, bankruptcy, communications, patents, copyright, and international trade.
  - OAG, or the Official Airline Guide Electronic Edition, a registered trademark of Official Airline Guides, Inc., is designed to help travelers cope with schedule and fare dynamics by choosing from more than two million direct and connecting flights worldwide.
  - Dow Jones News/Retrieval service offers political, business, and financial news from Dow Jones publications and other news sources.
- MVSPS product descriptions are as follows:
- . Multiple Virtual Storage Productivity System (MVSPS), allows mainframe access by business and data processing professionals to supplement in-house systems or to delay having to install or use an in-house computer. With MVSPS, users can access MVS operating system resources, such as office systems and text processing, personal computer support, and application development tools.
  - . Office Systems and text processing: MVSPS offers a group of Office Systems products that together form an integrated system for creating, editing, storing and distributing documents, and for automating a range of other day-to-day office functions. The MVSPS Office Systems products can also function as an electronic mail system linking users in one office or in multiple offices located virtually anywhere in the country.
  - . CICS Office Systems products: Three of the MVSPS Office Systems products, Distributed Office Support System (DISOSS), Personal Services/370 (PS/370), and Integrated Processing of Data and Text (IPDT), operate in a Customer Information Control System (CICS) environment on the Information Network. CICS capability is a feature of MVSPS.
  - . Personal Computer support:
    - MVSPS support programs for the IBM Personal Computer are designed to expand the utility and flexibility of PCs by providing communications between PC users and between PCs and MVSPS.

- IBM Mainframe Communications Assistant is a communications program that allows the PC to communicate with MVSPS and with other attached PCs running this software. Users can upload or download files, extract data from a host file, and execute pre-defined scripts with commands to both MVSPS and the PC.
- IBM 3270 PC File Transfer Program allows programs and data files to be shared among IBM 3270 PCs or IBM PC 3278/79 Emulators attached to MVSPS. The program allows PC files to be viewed and edited in TSO and allows time files to be transferred from the PC to TSO for processing and backup.
- . Application development:
  - With MVSPS, system designers and application programmers can access a development environment plus an array of application development facilities and programming aids.
  - Customer Information Control System/Virtual Storage (CICS/VS), available as a feature of MVSPS, allows customers to develop, test, and run CICS applications in an MVS address space on the Information Network.
    - . CICS is a general purpose data communications monitor which can greatly simplify terminal-oriented transaction programming. It provides the link between user-written programs and data base management systems.
    - . On-line development tools available to CICS/VS application programmers through MVSPS include:
      - Cross System Product (CSP) programs.
      - Screen Definition Facility (SDF).
      - Information Management System/VS (IMS/VS DB).
      - Systems Modification Program Extended (SMP/E).
  - COBOL Structuring Facility (COBOL/SF) transforms complex, unstructured COBOL programs into structured VS COBOL II programs.
    - . This technology can enhance productivity by replacing trial-and-error program maintenance with a systematic engineering discipline.

G. D. Rowett  
Pres, Marketing Division  
Dropped 1/81

## COMPANY HIGHLIGHT

ICL, INC.  
One Turnpike Plaza  
197 Highway 18  
East Brunswick, NJ 08816  
(201) 246-3400

R. A. Bright, President  
Wholly owned subsidiary of  
ICL Limited  
Total employees: 800  
Total revenues fiscal year end  
9/30/77: \$50,000,000  
Computer services revenues:  
\$450,000 approx.

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### THE COMPANY

- ICL Inc. (ICL) was incorporated in January, 1977 as a Delaware corporation. ICL's parent company, ICL Limited, is primarily a computer equipment manufacturer. The majority of ICL Inc. fiscal 1978 revenues were generated by the sale of equipment manufactured by its parent company, ICL Limited.
- ICL Inc. revenues for fiscal 1978 are expected to double revenues for fiscal 1977.
  - Approximately 1% of revenues generated in the U.S. during ICL's first nine months of operation here were for computer services.
  - Operations in North America, primarily the U.S., were unprofitable for fiscal 1977, but this is expected to change during fiscal 1978, according to ICL Limited's annual report.
- The parent company had revenues in excess of \$800 million (£418.7) for fiscal 1977 and over 32,000 employees at year end.
  - ICL Limited operates in 83 countries and revenues are generated approximately as follows:

Great Britain	49%
Europe (excluding Great Britain)	26%
Continents other than Europe	25%
	<hr/> 100%
  - ICL Limited computer services include processing services, software products and, professional services in Europe, South Africa, and Australia. Processing generates the majority of worldwide services revenues.
  - Management estimates that perhaps 1,000 of the total 32,000 worldwide employees (3%) are engaged primarily in computer services functions.

## COMPANY HIGHLIGHT/ICL, INC.

- ICL Limited acquired the following portions of Singer Business Machines during the fourth quarter of 1976:
  - Cogar
  - Utica Manufacturing operation
  - International operations (worldwide except for North America)

## KEY PRODUCTS AND SERVICES

- In fiscal 1977, 100% of U.S. computer services revenues were generated by software products and professional services:
  - Principal software products marketed in the U.S. are presented below in descending order of revenues generated for fiscal 1977.
    - STARS is tailored to wholesale distributors
    - SAFES is designed for manufacturing control
    - HAGAS is a hotel administration and accounting system. It is compatible with the ICL System Ten CPU and provides the following applications: guest check-in and check-out, accounts receivable (including food and bar charges to a specific room), and daily housekeeping status on each room.
    - OMAC provides production control applications.
    - ICL also offers a broad line of engineering and scientific software products.
  - ICL provides software licensing, contract programming, and systems design in the U.S.
- Management plans to offer turnkey systems in the U.S.
  - Currently sold outside the U.S., turnkey systems generally contain ICL hardware and operating systems. Minicomputers used for this purpose usually range from \$5,000 to \$50,000 in price.
  - Applications software comes from a variety of sources, including ICL, Inc., system houses, and (for specialized applications) joint ventures with other companies. A joint venture between ICL Limited and another firm was formed to develop software for the European Space Agency and for the Common Market.
- Computer equipment sales accounted for approximately 95% of U.S. revenues during fiscal 1977. Some of ICL's newest and best selling equipment includes the following:
  - ICL System Ten 220, a small business system that is the sequel to Singer Business Machine's System Ten. Standard programs available with the System Ten include:
    - Order entry
    - Order processing

## COMPANY HIGHLIGHT/ICL, INC.

- . Cash receipts
- . Aged balances
- . Customer statements
- . Sales analysis and invoicing
- . Payroll
- . Sales and purchase ledger
- . Nominal ledger
- . Credit control
- . Budget reports
- . Stock reports and analysis
- . Stock recording and control
- . Production control
- . Bill of materials
- . Material requirements planning
- . Purchase order status
- . Engineering change control
- . Operational routing and costing
- . Shop floor loading
- The ICL 1500 Series Transaction Terminal System was also acquired from Singer Business Machines and is manufactured at a new production facility in Utica, NY. A programmable terminal with approximately 8,000 installations, it can function as a small business system, a text processor, a communications processor, and a data capture point.
- Other ICL terminals include the ICL 900 Series Point of Sale terminal and the ICL 7500 Series.
- The ICL 2950 is the newest member of the 2900 Series mainframes.
  - . Other models include the 2980, 2976, and 2970 large scale mainframes.
  - . The ICL 2960 is a medium scale CPU.
  - . The 2903 and 2904 are small scale CPUs.

**APPLICATIONS** Software product offerings include general business, scientific and engineering, utility, and industry specialized applications.

## COMPANY HIGHLIGHT/ICL, INC.

### INDUSTRY MARKETS

- The distribution industry generated the majority of U.S. computer services revenues for fiscal 1977, as shown below:

Manufacturing		25%
Distribution		60
Wholesale	30	
Retail	30	
Cross section of several industries, including banking & finance, utilities, state and local government		<u>15</u>
		100%

- Users of ICL equipment and services in the U.S. include Health Care Systems (a Minneapolis, MN service bureau), Clark County Court House (Las Vegas, NV), U.S. Forestry Service (Washington, D.C. and San Francisco, CA), The Singer Co. (Shiller Park, IL), and ICL Operations Division (Utica, NY).

### GEOGRAPHIC MARKETS

- ICL revenues tend to be concentrated in U.S. metropolitan areas where branch offices are located.
- Branch offices are located in:
  - Chicago
  - New Jersey
  - New York
  - San Francisco
  - Washington, D.C.

### COMPUTER HARDWARE AND SOFTWARE

- The following equipment is used for in-house processing, customer demonstrations, customer training, and development of customer systems in the U.S.
  - One ICL System Ten 220 is installed at the five sales offices.
  - One ICL 1500 doubles as a small business system and terminal in the five sales offices.
  - An ICL 2903 is installed at the New York office.
- ICL, Inc. does not provide any processing services.



## COMPANY PROFILE

**IHC AFFILIATED SERVICES, INC.**  
36 South State Street  
Salt Lake City, UT 84111  
(801) 530-3442

Robert Walker, President  
Subsidiary of Intermountain Health  
Care, Inc.  
Total Employees: 150  
Computer Services Revenue, Fiscal  
Year End: 12/31/86: \$7,500,000

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### THE COMPANY

- IHC Affiliated Services, Inc. (ASI), provides application software products and professional services primarily to hospitals with 100 to 600 beds.
  - Intermountain Health Care, Inc. (IHC) is a major not-for-profit multi-hospital system. In addition to its 24 hospitals, IHC operates outpatient surgicenters and instacare clinics, women's centers, substance abuse and behavioral modification programs, and other health care services in the intermountain region. Through its subsidiary, ASI, IHC offers computer services to other hospitals throughout the U.S.
  - All of ASI's revenue is derived from noncaptive sources.

### KEY PRODUCTS AND SERVICES

- Almost all of ASI's 1986 computer services revenue was derived from application software products and associated services. Professional services account for a small portion of revenue.
- MED/38 is a comprehensive hospital system of financial, administrative, and clinical applications that is sold as a complete system or as individual modules.
  - Available modules include the following:

• ADT/Patient Accounting.	• Tape-to-Tape Billing.
• Accounts Payable.	• Logs.
• Payroll/Personnel.	• Collection Agency.
• Time and Attendance.	• Home Health Care.
• DRG/Case Mix/Concurrent Review.	• Radiology Management.
• General Ledger.	• Laboratory Management.
• Medical Records.	• Executive Financial Management.
• Order Communications.	• 401K.
• Materials Management.	• Position Control.
• Fixed Assets.	• Flexible Benefits.

## IHC AFFILIATED SERVICES, INC.

- . Nurse Staffing.
  - . Pharmacy.
  - . Preventive Maintenance.
  - . Productivity Monitoring.
  - . Flexible Billing.
  - . Education.
  - . Equipment Rental.
  - . Physician Convenience.
  - . Schedule Management.
- Additional applications currently in development include the following:
  - . HMO/PPO Management.
  - . Capitation A/R.
  - . Medical Information Record Access.
  - . Tumor Registry.
  - . Credentialing.
  - . Utilization Review.
  - . Infection Control.
  - . Risk Management.
  - . Ancillary Departmental Review.
  - . Blood Utilization
  - . Blood Bank.
  - . Microbiology.
  - . Acuity Staffing/Personnel Scheduling.
  - . Patient Care Plans.
  - . Charting.
  - . On-Line Nursing Resources.
- MED/38 operates on IBM System 38 minicomputers. An average complete system costs approximately \$250,000.
- There are currently 94 installations. Another 20 hospitals are preparing to install systems.
- ASI offers a full range of conversion, installation, training, and support services for MED/38. Also available are consulting programs, a user's group, periodic software enhancements, a 24-hour "hot-line" service desk, computer-assisted tutorials, regional instructional seminars, and complete documentation (pre-installation and installation guides, user and technical documentation, on-line help screens).

## INDUSTRY MARKETS

- One hundred percent of ASI's revenue is derived from the medical industry, primarily hospitals.

## GEOGRAPHIC MARKETS

- One hundred percent of 1986 revenue was derived from the U.S.

## COMPANY HIGHLIGHT

III SYSTEMS INC.  
199 Alewife Brook Parkway  
Cambridge, MA 02138  
(617) 868-1450

Frank T. Scott, President  
Wholly Owned Subsidiary of Baltic  
Company Inc.  
Total Employees: 70  
Total Revenue, Fiscal Year End  
4/30/83: \$8,000,000

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### THE COMPANY

- III Systems Inc., founded in 1971, provides remote processing services to stock brokerage firms.
- Fiscal 1983 revenue was approximately \$8 million, a 20% decrease from fiscal 1982 revenue of \$10 million.
  - III Systems management attributes declines in revenue to increased emphasis on research and development associated with a brokerage accounting software product.
  - III Systems estimates fiscal 1984 revenue will remain at \$8 million.
- As of April 30, 1983, the company had 70 employees. III Systems currently has 60 employees, segmented as follows:

Marketing/sales	5
Software services	25
Computer operations	15
General and administrative	<u>15</u>
	60

- III Systems' major competitor is Automatic Data Processing.

### KEY PRODUCTS AND SERVICES

- The majority of III Systems' fiscal 1983 revenue was derived from interactive processing services provided to approximately 40 clients in the brokerage industry. III Systems markets one service, as follows:
  - Brokers Verification and Reporting System (BVR) is an advanced on-line, real-time accounting system for the back-office operations of stockbrokers. The system is designed to fulfill all the record-keeping requirements of regulatory bodies in the U.S. and Canada.

### III SYSTEMS INC.

- BVR includes Registered Representative inquiry into client accounts and moneylines, interfaces general ledger with back-office operations, and provides real-time confirms/checking.
- Clients have access to this service through dedicated lines and are charged on a per trade basis.
- A small amount of revenue was derived from PORT APPRAISE, an on-line portfolio analysis system developed by III Systems for stockbrokers and investment advisors. It is available as an on-line service from Shaw Data Services, Inc.

### INDUSTRY MARKETS

- One hundred percent of III Systems' fiscal 1983 revenue was derived from brokerage firms.
- III Systems' target market for its services is brokerage firms of all sizes and banks that provide brokerage services.

### GEOGRAPHIC MARKETS

- Approximately 97% of III Systems' fiscal 1983 revenue was derived from the U.S. The remaining 3% was derived from Canada.
- Branch offices are located in Denver and Dallas. A remote printing station is located in New York City.

### COMPUTER HARDWARE AND SOFTWARE

- III Systems maintains four Honeywell 2000s, operating under GCOS.
- Clients access III Systems' network via dedicated or WATS lines.

## COMPANY HIGHLIGHT

III SYSTEMS INC.  
30 Spinelli Place  
Cambridge, MA 02138  
(617) 868-1450

Frank T. Scott, President  
Wholly owned subsidiary of  
Baltic Company Inc.  
Employees: 85  
Revenue: Fiscal Year  
End 04/30/81: \$8,500,000\*

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### PRINCIPAL BUSINESS

- III Systems Inc., founded in 1971, provides processing services to the financial community.

### FINANCIALS

- INPUT estimates III Systems Inc. revenue to be \$8.5 million, an increase of 30% over the 1980 estimated revenues of \$6.5 million.
- III Systems projects their 1982 revenues will be between \$10 and \$15 million.

### SOURCE OF REVENUE

Processing services 100%

### EMPLOYEES

- Marketing and sales	7
- Software services	48
- Computer operations	15
- General and administrative	<u>15</u>
	85

### KEY PRODUCTS AND SERVICES

- III Systems offers access to both application programs and financial data bases to approximately 100 clients. The use of these programs and data bases accounts for 85% of III System's revenues, with the sale of raw computing time accounting for the remaining 15%.
- III Systems, Inc. markets three major services:
  - Brokers Verification and Reporting System (BVR) is an advanced on-line, realtime, accounting system for the back office operations of stock brokers. The system is designed to fulfill all the record keeping requirements of regulatory bodies in the United States and Canada.

\*INPUT estimate

### III SYSTEMS INC.

- . Over 50 clients subscribe to this service and are charged on a per trade basis.
- . Clients have access to this service through dedicated lines.
- PORT APPRAISE, is an on-line portfolio analysis for stock brokers, investment advisers, attorneys, insurance agents and trust accountants.
  - . This service, available for the past three years, has more than 25 clients.
  - . Monthly charges are determined by the number of reports generated and data position, in addition to the client's connect time.
  - . Access to this service is available via Telenet.
- Financial On-Line Data Base, accessed via Telenet, are three separate financial data bases which contain various levels of stock market information.
- Computer time is available on a Honeywell Series 60, Level 66/DPS, operating in a multiprogram, multiprocessing environment.

### INDUSTRY MARKETS

- III Systems Inc. derives 85% of its revenue from brokerage firms, with the remaining 15% from investment advisors, money managers and banks.

### GEOGRAPHIC MARKETS

U.S.	97%
International	3

- Office locations include Denver and Houston with print stations in New York City, Washington, D.C., Dallas and St. Louis.

### COMPUTER HARDWARE AND SOFTWARE

- III Systems maintains a Honeywell Series 60, Level 66/DPS, operating under GCOS at its Cambridge headquarters.
  - The network may be accessed via direct dial, Telenet, or leased lines.
- III Systems also has Tandem T-16 Non-Stop computers, operating under the Guardian System in Houston, Denver, and Cambridge.

## COMPANY PROFILE

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### **IMRS INC.**

777 Long Ridge Road  
Stamford, CT 06902  
(203) 323-6500

James A. Perakis, President and CEO  
Public Corporation, NASDAQ  
Total Employees: 262 (9/91)  
Total Revenue, Fiscal Year End  
6/30/91: \$34,324,000

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### **The Company**

IMRS Inc., founded in 1981, develops, markets, and supports a family of network-based business information applications software products for large multidivision or multilocation companies worldwide.

- In October 1989, IMRS acquired Corporate Class Software, Inc. (CCS) for \$4.2 million. CCS developed, marketed and supported FASTAR<sup>®</sup>, a spreadsheet-based financial consolidation and reporting system.
- In October 1991, IMRS made an initial public offering of 3.2 million shares of its common stock, of which 1.8 million shares were sold by IMRS and the remaining 1.4 million shares by selling shareholders. Proceeds to the company of \$24 million were used to repay debt and for general corporate purposes.

The company's strategy is to:

- Increase penetration of the financial reporting market
- Leverage its existing market leadership position
- Focus on leading network and software technologies
- Design applications for specific business information needs
- Design for ease of implementation and ease of use
- Maintain direct sales and support relationships
- Generate follow-on revenues

Fiscal 1991 revenue reached \$34.3 million, a 43% increase over fiscal 1990 revenue of \$24.1 million. Net income rose 59%, from \$1.7 million in fiscal 1990 to over \$2.6 million in fiscal 1991. A five-year financial summary follows:

**IMRS INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	6/91	6/90	6/89	6/88	6/87
Revenue	\$34,324	\$24,087	\$12,079	\$7,888	\$3,308
· Percent increase from previous year	43%	99%	53%	138%	N/A
Income before taxes	\$4,485	\$2,666	\$575	\$313	\$145
· Percent increase from previous year	68%	364%	84%	116%	N/A
Net income	\$2,651	\$1,664	\$394	\$178	\$65
· Percent increase from previous year	59%	322%	121%	174%	N/A
Earnings per share (a)	\$0.46	\$0.20	\$0.08	\$0.04	\$0.02
· Percent increase from previous year	59%	263%	100%	100%	N/A

(a) Restated to reflect a 2-for-1 stock split on September 5, 1991.

Fiscal 1991 revenue increases were attributed to a 19% increase in software license revenues and a 92% increase in license renewals and services revenue.

- Revenue from CCS (FASTAR) increased \$782,000 from the nine-month period included in fiscal 1990 results to the full twelve-month period for fiscal 1991.
- Growth in software license revenues was constrained by a management decision to delay hiring additional sales personnel in the first three quarters of fiscal 1991 in the expectation that a weaker North American economy would significantly affect the sales of its products. Prevailing economic conditions did not impact product sales to the extent anticipated and the company has resumed recruiting and hiring sales personnel.
- The growth in license renewals and services revenue was primarily a result of growth in the company's installed customer base and, to a lesser extent, a change in the contract terms for license renewal and maintenance fees (from one year after the initial license to 90 days).

Research and development expenses (net of capitalized development costs) were \$5.0 million (15% of revenue) in fiscal 1991, \$3.9 million (16% of revenue) in fiscal 1990, and \$2.3 million (19% of revenue) in fiscal 1989.



Revenue for the six months ending December 31, 1991 reached \$19.4 million, a 33% increase over \$14.6 million for the same period in 1990. Net income rose 61%, from \$871,000 to \$1.4 million.

As of September 1991, IMRS had 262 employees, segmented as follows:

Marketing and sales	69
Product development	58
Support and technical services	116
Management, administration, and finance	19
	262

### Key Products and Services

Approximately 56% of IMRS' fiscal 1991 revenue was derived from applications software licenses, 16% from license renewals, and the remaining 28% from maintenance and support services. A three-year summary of source of revenue follows:

IMRS INC.  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ millions)

ITEM	FISCAL YEAR					
	6/91		6/90		6/89	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Software licenses	\$19.3	56%	\$16.3	68%	\$8.3	69%
License renewals and maintenance (a)	15.0	44%	7.8	32%	3.8	31%
<b>TOTAL</b>	<b>\$34.3</b>	<b>100%</b>	<b>\$24.1</b>	<b>100%</b>	<b>\$12.1</b>	<b>100%</b>

(a) Includes license revenues of approximately \$5.5 million in fiscal 1991 and \$2.2 million in fiscal 1990.

IMRS develops, markets, and supports a family of network-based business information software products for large, multidivision or multilocation companies worldwide. The company's product line provides executives, managers, and analysts with the capability to collect, process, easily access, and analyze critical business information in a timely manner using networked PCs.

Current IMRS products include the following:

- Micro Control<sup>®</sup>, the company's core product, consolidates, reports, and maintains, in one integrated data base, a company's financial and statistical reporting information, including actual, budget, forecast, plan, and prior years' data.
- Micro Control is compatible with all major local-area networks, and links to Lotus 1-2-3 and Microsoft Excel are available.
- The first headquarters site license for Micro Control is \$95,000, and allows an unlimited number of computers at the site to run the software. Corporate licensees can purchase additional headquarters licenses for \$60,000. Reporting site licenses are \$3,500 per site or less, depending on the number of sites.
- FASTAR, acquired in 1989 with Corporate Class Software, is a spreadsheet-based management and analytical reporting system that uses Lotus 1-2-3. FASTAR is based on the concept of using financial schedules for data entry and reporting.
- The first headquarters site license for FASTAR is \$50,000, and allows up to ten computers to use the software. Reporting site licenses are \$3,000 per site, depending on the number of sites.
- Hyperion<sup>®</sup>, released in July 1991, is a business information consolidation and reporting product designed to take advantage of the Microsoft Windows 3.0 graphical operating environment.
- IMRS has provided a migration path to Hyperion for Micro Control or FASTAR users who may adopt Windows.
- A Hyperion headquarters site license is \$125,000, with reporting site licenses priced at \$4,500 or less, depending on the number of sites.
- IMRS OnTrack<sup>®</sup> is a Microsoft Windows 3.0-based executive information system for local-area networks.
- Executive Forum<sup>™</sup> (currently in beta test) was developed with Lotus Development Corporation and integrates IMRS OnTrack with Lotus Notes (a LAN-based group communications software product).

- An IMRS OnTrack license for system administration and including 10 end users is \$60,000. An Executive Forum headquarters license is expected to be priced at \$25,000 and includes 10 users and 10 copies of Lotus Notes.
- FinalForm<sup>®</sup> is used to design, implement, and control forms for detailed and consistent data collection. The product is frequently integrated with one of IMRS' financial reporting software products. A headquarters site license for FinalForm is \$40,000, with remote locations priced at \$1,000 per site.
- Treasury Control<sup>®</sup> provides company-wide information management and analysis for the corporate treasurer's office, supporting central decision making and risk management. A Treasury Control headquarters site license is \$65,000, with remote sites priced at \$1,000.

Support services provided by IMRS on a time-and-materials basis include:

- Design consulting and implementation support for its products and their operation on LANs
- Various administrator and end-user courses at its training facility in Stamford (CT) or at the customer's site

Following product implementation, a customer receives support under its standard license renewal and maintenance fee and may receive ongoing consulting at a discount from standard rates.

- Customers pay a license renewal and maintenance fee 90 days after delivery of software and annually thereafter. Product support includes a user hotline and electronic bulletin board, and updates and enhancements.

### Industry Markets

IMRS markets its products worldwide to multidivision or multilocation organizations with extensive operations and significant information management requirements.

The company has licensed its software to over 780 corporate headquarters customers in a range of industries, including computers and software, consumer goods, financial services, insurance, food and beverage, telecommunications, utilities, and energy.

Major clients include Aetna, American Brands, AT&T, Black & Decker, Compaq, Goodyear, ICI, Kraft General Foods, Lotus Development, Novell, and United Technologies.

### Geographic Markets

Approximately 86% of IMRS' fiscal 1991 revenue was derived from North America and 14% from international sources. A three-year geographic source of revenue summary follows:

**IMRS INC.  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR					
	6/91		6/90		6/89	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
North America	\$29.4	86%	\$20.7	86%	\$10.3	85%
International	4.9	14%	3.4	14%	1.8	15%
<b>TOTAL</b>	<b>\$34.3</b>	<b>100%</b>	<b>\$24.1</b>	<b>100%</b>	<b>\$12.1</b>	<b>100%</b>

IMRS has sales offices at its headquarters in Stamford (CT) and in Atlanta, Chicago (2), Dallas, Los Angeles, San Francisco, and Toronto.

Outside of North America, the company markets its products primarily through independent distributors that are managed through an IMRS office in Milan (Italy).

- IMRS has license and distribution agreements with independent distributors in Italy, the Netherlands, Austria, Switzerland, the U.K., Sweden, Australia, South Africa, Hong Kong, and Japan.
- The company's overseas distributors include affiliates of Arthur Andersen & Co. in Switzerland and Japan, and of KPMG Peat Marwick in Hong Kong and Australia.

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*1/81*

## COMPANY HIGHLIGHT

**IRT CORPORATION**  
7650 Convo Court  
San Diego, CA 92138  
(714) 565-7171

Dr. Robert Mertz, President and  
Chairman  
Public corporation, OTC  
Total employees: 150  
Total revenues fiscal year end  
3/31/78: \$6,200,000  
Computer services revenues:  
\$2,500,000

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### THE COMPANY

- IRT Corporation (IRT) was incorporated in 1969 as a Delaware corporation.
  - The present management group was originally at General Atomic laboratories (La Jolla, CA) in 1956 where they provided research in nuclear science and technology to government and industry. When Gulf Oil acquired General Atomic in 1968, the group became the Radiation Technology Division of Gulf General Atomic. In 1973, the group merged with an independent corporation, now called IRT.
- IRT (Instrumentation, Research, and Technology) is organized into two major divisions: Electronic Systems and Nuclear Systems.
  - The Electronic Systems Division performs engineering design, consulting and problem solving primarily for aerospace firms and branches of the Federal government.
  - The Nuclear Systems Division performs contract work for military systems customers and provides some turnkey systems.
- Revenues for fiscal 1979 are expected to exceed \$7 million, a 13% increase over 1978 revenues of \$6.2 million.
  - Income before taxes was \$201,000 for fiscal 1978, a 279% increase over 1977.
  - Pretax income for 1977 was \$72,000.

August 1978

## COMPANY HIGHLIGHT/IRT CORPORATION

- IRT's 150 employees are distributed by function approximately as follows:

- Software services and customer support	15
- Computer operations	2
- General and administrative (about one-third of these persons' salaries could be allocated to computer services. The marketing function, performed by top management is also reflected here).	40
- Engineering, consultation, and other non-computer services functions	93
	<hr/>
	150 people

## KEY PRODUCTS AND SERVICES

- Approximately 88% of fiscal 1978 computer services revenues were generated by turnkey systems and 12% by professional services.
- Turnkey systems, offered by the Nuclear Systems Division, are developed for scientific applications such as nondestructive nuclear inspection and also measurement of physical properties.
  - About 100 turnkey systems are currently installed. Management projects a fiscal 1979 installed base of about 115, and a fiscal 1980 installed base of about 135. This is an average annual growth rate of 16%.
  - DEC 1103 CPUs are purchased on an OEM basis and then enhanced by IRT-developed software.
  - Management estimates that between 5% and 10% of its approximately \$2,000,000 in turnkey systems revenues reflects the purchase of minicomputer hardware.
- Professional services, offered by both Divisions, consist of both design and programming of special purpose computer applications and occasional consulting.

**APPLICATIONS** Scientific and engineering.

**INDUSTRY MARKETS** About 50% of computer services revenues are generated by the Federal government and 50% by the manufacturing industry. Manufacturing customers include Westinghouse, Atlantic Richfield, and Monsanto.

## COMPANY HIGHLIGHT/IRT CORPORATION

**GEOGRAPHIC MARKETS** The majority of revenues are generated in the Middle Atlantic and South Atlantic regions of the U.S. as shown by the approximate distribution of computer services revenues below:

United States		80%
New England (mostly Massachusetts)	5	
East North Central (primarily Ohio)	10	
Middle Atlantic (mostly New Jersey)		
South Atlantic (primarily District of Columbia and South Carolina)	40	
East South Central	5	
West South Central	5	
Mountain (mostly Idaho)	5	
Pacific (mainly Washington)	10	
International, primarily Europe (France Germany, England) and Japan		20
		<hr/>
		100%

**COMPUTER HARDWARE AND SOFTWARE** Computer hardware and software used for product development and testing tends to be transitory.

- IRT has several minicomputers, mostly DEC PDP/11-03s for testing purposes.
  - A DEC PDP/11-70 is on order for in-house administration use and problem analysis.
  - An IBM System/32 is on order for use in in-house accounting applications.
- Data 100 terminals, primarily, are used to access both Federal government computers (a CDC 7600 in Berkeley, a CDC 7600 in Albuquerque, and a Univac 1108 in San Diego) and remote computing services vendor equipment.





# FINANCIAL UPDATE TO PROFILE DATED APRIL 1987

ISC SYSTEMS CORPORATION  
East 22425 Appleway  
P.O. Box TAF-C8  
Spokane, WA 99202  
(509) 927-5600

Ted C. DeMerritt, Chairman and CEO  
John Lindeblad, President  
Public Corporation, OTC  
Total Employees: 1,787  
Total Revenue, Fiscal Year End  
6/27/87: \$168,532,000

## ISC SYSTEMS CORPORATION FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

FISCAL YEAR ITEM	6/87	6/86	6/85	6/84	6/83
Revenue	\$ 168,532	\$ 166,086	\$ 149,998	\$ 127,670	\$ 79,661
• Percent increase from previous year	1%	11%	17%	60%	28%
Income before taxes	\$ 12,554	\$ 23,755	\$ 13,642	\$ 16,593	\$ 5,962
• Percent increase (decrease) from previous year	(47%)	74%	(18%)	178%	(58%)
Net income	\$ 6,524	\$ 13,855	\$ 8,190	\$ 9,987	\$ 3,966
• Percent increase (decrease) from previous year	(53%)	69%	(18%)	152%	(51%)
Earnings per share	\$ 0.41	\$ 0.90	\$ 0.55	\$ 0.67	\$ 0.27
• Percent increase (decrease) from previous year	(54%)	64%	(18%)	148%	(51%)

- ISC management attributes lower than anticipated revenues and earnings to the following:
  - A decline in add-on business and delays in customer-scheduled installations that occurred during the October-December period when businesses were reacting to the new tax laws.
  - Competitive pricing pressures and introductions by other vendors of less expensive, less functional systems, and an increased cost awareness among financial industry services customers. ISC plans to introduce new products in 1988 to improve the company's competitive position in both the low- and high-end of the market.

- Higher costs associated with expanding the company's sale force at the beginning of the fiscal year.

## SOURCE OF REVENUE

- Approximately 71% of ISC's fiscal revenue was derived from turnkey system sales and 29% from associated maintenance services. A three-year summary of source of revenue follows (\$ millions):

FISCAL YEAR ITEM	6/87		6/86		6/85	
	Revenue	Percent of Total	Revenue	Percent of Total	Revenue	Percent of Total
System sales	\$120.4	71%	\$122.5	74%	\$115.7	77%
Service	48.1	29	43.6	26	34.3	23
Total	\$168.5	100%	\$166.1	100%	\$150.0	100%

- The three-year summary that follows itemizes the cumulative totals for the company's client base and system installations:

	6/87	6/86	6/85
Number of customers			
• Thrift institutions	1,510	1,432	1,256
• Credit unions	818	737	593
• Commercial banks	370	242	167
• Consumer finance companies	<u>8</u>	<u>3</u>	<u>2</u>
Total	2,706	2,414	2,018
Number of installed workstations	109,424	91,818	72,140

- A related product, COBOL Conversion Aid, may be used when converting OS/VS COBOL source code into VS COBOL II code which is required for implementing COBOL/SF.
- MVSPS compilers, conversion aids, and high-level languages provide a number of tools to aid application developers. Available languages and compilers include OS/VS COBOL, VS COBOL II, VS Fortran, OS Fortran IV, and PL/I. Conversion aids available under MVSPS include DOS/VS to MVS Assembler; DOS/VS to MVS COBOL and PL/I; and Honeywell COBOL to IBM COBOL.
- Network Management products and services include the following:
  - Network Services, introduced in September 1982, provides IBM assistance in the design, installation, testing, implementation, and management of client data communications networks connecting terminals and processors nationwide.
    - Services include network capacity planning, control of physical network resources, and monitoring of network performance and availability. IBM Information Network also tracks problems, network charges, and inventory, and provides clients with management reports, education, and training.
    - Network Services clients may also access all IBM Information Network remote computing services on a usage fee basis.
    - Host computers attached to IBM Information Network for Network Services must use ACF/VTAM, ACT/VTAME, or BTAM and either IMS/VS or CICS/VS.
  - Network Services Release 2, introduced July 31, 1985, provides for the attachment of a customer's SNA network for interconnection with the IBM Information Network's remote computing services and other attached networks, for network-to-network data communications.
  - Network Services Release 2.1, introduced August 6, 1986, provides for the attachment of three or more SNA networks in a series. This support allows application programs on terminal devices to communicate with resources in the Information Network production network and with customer attached SNA networks.
  - The Insurance Communications Service is a nationwide network linking 40,000 to 50,000 insurance professionals, including independent agents, claims adjusters, company home office personnel and third-party service organizations. The network supports interactive and batch-store-and-forward communications.

## IBM INFORMATION SERVICES

- The IBM Information Network was selected by the Insurance Institute for Research (IIR) in October 1982 to perform protocol conversions for up to 70 terminal and processor types and to provide message switching and other processing services at volume discounts.
- IIR formed a separate organization which interfaces with the IBM Information Network to establish the Insurance Value Added Network Service (IVANS). IVANS consists of IBM's Insurance Communication Service supplemented by customized facilities and supervisory services for the industry network.
- IVANS members, as of July 1986, include 28 insurance companies, five third-party service providers, and 2,900 professional users in both life and health insurance companies.
- IBM's Personal Computer Group in Boca Raton (FL) uses the network to connect their dealers with a data base of bulletins and other updated product information.
- The IBM Intercontinental Information Services links IBM computer centers in several countries so they can be accessed by customers on an international basis. Customers of the IBM Information Network can access interactive VSPC/AS and TSO running in the IBM Information Network Services computer center in Zoetermeer, the Netherlands, submit MVS batch processing via VSPC or TSO, use the International Business Services Data Transfer Service, and exchange PROFS notes and documents through a PROFS service running in Zoetermeer.
- Education, consulting, and administrative support are available to all IBM Information Network clients.
  - Classroom courses are offered at IBM Education Centers throughout the U.S.
  - Self-study education is available through independent study programs and student and programmed instruction texts.
  - On-line education includes the HELP facility, selected tutorials, and the Interactive Instructional Presentation System (IIPS).
  - An Executive Briefing Center is located in Tampa.
  - For application support, toll-free telephone access to customer assistance personnel in Tampa is available from 8 a.m. to 8 p.m. weekdays, 8 a.m. to 5 p.m. Saturday and primary holidays. Connectivity problems are supported 24 hours a day, 7 days a week.
  - Customer Service Support (CSS), available to all network users with full-screen devices, provides on-line communications with Customer Assistance.

## IBM INFORMATION SERVICES

### INDUSTRY MARKETS

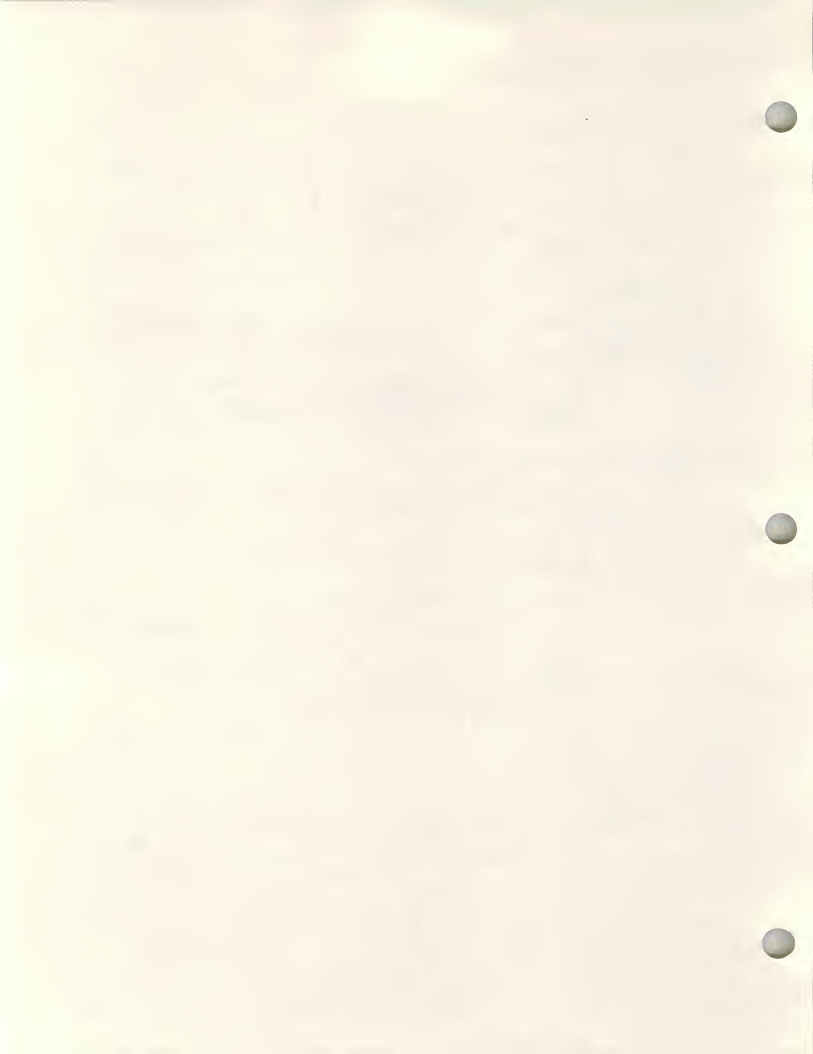
- IBM Information Network services are marketed across industry sectors. Customers include large banks, telephone companies, engineering and contracting firms, insurance companies, and clients in aerospace and law.
  - The company has also identified the retail, financial, medical, manufacturing, and distribution industries as additional vertical marketplaces to enter.

### GEOGRAPHIC MARKETS

- One hundred percent of the IBM Information Network's revenue is derived from clients across the U.S. This will change with the recent implementation of Intercontinental Information Services (IIS).
  - Marketing offices are located in the primary network node cities including New York City, Washington, D.C., Atlanta, Chicago, Dallas, Houston, San Francisco, Los Angeles, Tampa, Philadelphia, Boston, Minneapolis, and St. Louis.

### COMPUTER HARDWARE AND SOFTWARE

- The IBM Information Network maintains an unspecified number of 30XX mainframes running under VM and MVS at its data centers located in Tampa, Irving (TX), and Carey (NC).
  - Primary network nodes are located in 19 cities across the U.S. Secondary nodes are located in an additional 82 cities.
  - Network access is via dial-up and leased lines.
  - Access may also be accomplished through U.S. Telenet and IBM's IIS.
  - Network communications operate under IBM's System Network Architecture (SNA), SDLC, and bisynchronous or start/stop protocols.
  - Communications protocol conversions are handled on the network (rather than on IN's central processors), where bisynch or asynch protocols are converted from and to the backbone network's SNA protocol.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

April 1998

## IBM Global Services

**Senior Vice President and Group Executive:**

**Sam Palmisano**

**Route 100**

**Somers, NY 10589**

**Phone:**

**(914) 766-1900**

**Internet:**

**[www.ibm.com/services](http://www.ibm.com/services)**

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Status:	Business Unit
Parent Company:	IBM Corporation
Employees (12/97)	116,000
Revenue (12/97)	\$19,300,000,000

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### Key Points

- IBM Global Services is the world's largest IT services provider, with over 116,000 employees in 164 countries.
- Services are broadly defined as network services, product support, and professional services, with a number of cross-discipline services being developed or repackaged and offered as electronic business services.
- IBM Global Services' electronic business services portfolio, which spans across functional units, includes e-business advisory services, intranet/extranet services, e-commerce services, security services, managed network services, distributed learning services, and support services.
- Services, including electronic business services, are offered for all stages of IT development: plan, architect, construct, and operate.
- Solutions for small- and medium-sized businesses, sold mainly through IBM Business Partners, are increasingly the focus of new product design and packaging.

## Company Description

IBM Global Services is the largest IT services company in the world. The business unit offers strategic IT solutions including product support, network services, consulting, outsourcing, systems integration, and education and training.

In May 1997, IBM agreed to pay \$450 million for Sears, Roebuck and Company's 30% share of Advantis, the networking services joint venture formed in December 1992 between IBM and Sears, resulting in IBM's full ownership of the organization.

## Company Strategy

IBM Global Services' mission is "to be recognized as the leader in IT services by enabling our customers to use technology to be leaders in their marketplaces."

To support this mission statement, IBM Global Services has reevaluated its services offerings and moved significantly into Internet- and intranet-enabled environments. IBM Global Services has defined e-business as "transforming key business processes by using Internet technology." This has led to a number of initiatives including "Reinventing Product Support Services" and the development of an e-business services portfolio.

## Organization and Structure

In January 1995, IBM formed the IBM Global Services organization, consolidating three former services units—IBM ISSC, IBM Global Network, and Availability Services—into one global services organization, reducing and streamlining the number of service offerings. IBM Global Services is headed by Senior Vice President and Group Executive Sam Palmisano.

IBM Global Services offerings are based on four global competencies:

- Managed operations (outsourcing)
- Systems integration/application development
- Education and training
- Consulting (provided across the three other competencies)

IBM Global Services is organized by geography, with each geography headed by a General Manager, except for Network Services which is organized globally:

- North America, headed by Doug Elix
- Europe/Middle East/Africa, headed by Hans Ulrich Maerki
- Asia/Pacific, headed by Fred Amoroso
- Latin America, headed by George Khoury



Each major geographic region is organized into three business segments:

- **Product Support Services (PSS)**

Prepackaged and customized solutions for IT planning, design, implementation, and operational management; multivendor technical support; and Web site development and management are offered through PSS. Services have support options available for both technical staff as well as the computer user.

- **Professional Services**

Business transformation consulting, application development, project management, outsourcing services, and integration services offered by business operation or throughout a client organization.

- **Network Services**

IBM Global Services operates data/voice/video networks; creates private networks; offers managed e-Commerce, Internet and intranet, messaging and collaborative services; provides network outsourcing services; and delivers education and training through connectivity and delivered over the IBM Global Network.

The IBM Global Network provides local Internet access in over 1,000 locations in more than 50 countries and offers leased line or dial connections in 900 cities in more than 100 countries. Network Services serves 33,000 companies and institutions worldwide.

IBM Global Services also has a number of teams that channel industry-specific solutions through the above-named business segments. The industry teams include: banking, finance and securities; chemicals; community finance; distribution; education; forest products; government; health; insurance; manufacturing; metals and mining; process and petroleum; retail distribution; telecommunications and media; textiles; travel and transportation; utility and energy service; and wholesale distribution. There are also groups dedicated to offering solutions for mobile and wireless computing and small- and medium-sized enterprises.

## Financials

IBM Global Services reported \$19.3 billion in revenue for fiscal 1997.

Exhibit 1

**Three-Year Revenue Summary (\$ in billions)**

	1997	1996	1995
Revenue	\$19.3	\$15.9	\$12.7
• Percent change from previous year	22%	25%	n/a

Source: IBM Corporation

IBM does not publicly announce revenue by services, but does provide some financial highlights and growth percentages, allowing INPUT to develop the following figures:

- INPUT estimates that \$10 billion of IBM Global Services revenue was attributed to PSS, with \$6 billion in maintenance revenue and \$4 billion in revenue from other support services, with significant growth in multivendor support services.  
PSS revenue developed through IBM Business Partners doubled in 1997 versus the previous year to approximately \$1 billion.
- Professional services, including managed services, reported 32% revenue growth in 1997 over the previous year.

INPUT estimates that IBM Global Services \$19.3 billion in fiscal 1997 revenue was derived approximately as follows, by INPUT product/service definition:

Maintenance	31%
Network Services	14%
Outsourcing	31%
Professional Services	12%
Systems Integration	<u>12%</u>
	100%

### **Acquisitions**

In March 1998, IBM announced its intention to acquire The Chem Systems Group, Inc., a management consulting firm serving chemical and petroleum companies. The company will operate as Chem Systems, An IBM Company as part of the Consulting Group within IBM Global Services. Chem Systems is more than 33 years old, with main offices in London and New York and supporting operations in Asia Pacific and worldwide, and employs approximately 160 people.

### **Market Focus**

IBM Global Services currently participates in eleven major vertical industry segments, including education; finance; insurance; health; manufacturing; distribution; media and telecommunications; government; travel and transportation; utilities; and process and petroleum.

## Employees

IBM Global Services has more than 116,000 service employees in 160 countries. More than 20,000 employees to date are focused on e-business.

- Product Support Services has more than 40,000 employees that function as IT planning professionals; design, implementation and operational specialists; and systems management specialists.
- Professional Services has more than 60,000 application developers, systems integrators and outsourcing professionals, more than 4,000 professional consulting practitioners and information technologists, and at least 3,500 devoted to education and training functions.
- Network Services employs more than 8,000 worldwide.

INPUT estimates that over 33,000 IBM Global Services employees are assigned to managed operations.

## Key Services

Services offered by IBM Global Services by business segment are outlined below.

### *Managed Operations*

The company provides day-to-day management for significant portions, if not all, of the client's IS infrastructure, including operations, production control, end-user support, maintenance, and application development and maintenance.

IBM Global Services may also work with clients to design a new IS environment, then develop and manage the total implementation.

The implementation may include consolidation of multiple data centers, voice and data networks, standardization of platforms, application convergence, and systems management.

Managed operations services are available from IBM Global Services as follows:

- Remote Systems Operations—IBM Global Services remotely manages the client's current systems from its four regional facilities in the U.S. and others worldwide.
- Onsite Operations—IBM Global Services assumes on-site operational responsibility, which may involve the consolidation and restructuring of existing facilities.
- Shared Host Environment—The customer's processing requirements are brought into an existing IBM Global Services facility.

IBM Global Services also provides applications management outsourcing, including applications development, maintenance, and operations.

### *Network Services*

IBM Global Services maintains and operates the IBM Global Network, which serves 33,000 customer enterprises in 900 cities and 100 countries.

IBM Global Services provides Internet services, which include Internet access and content hosting, secure networking and firewall services, e-mail and messaging services, and web EDI.

Network Services also offers managed data network services and network outsourcing services.

### *Product Support Services*

- Business Recovery Services (BRS)—consulting services and recovery support for large systems, midrange and distributed environment customers.  
Services offered by BRS include anti-virus services, business resumption services, consultation services, high-availability services, recovery services, workgroup and voice recovery services, and Year 2000 testing services.
- Hardware and software support services
  - Hardware and software support services include planning, design, installation, migration, and change services; maintenance support services; integration services; and operational support services.
  - Hardware support services includes hardware services for IBM systems and multivendor services for non-IBM systems.
  - Software support services includes software services for IBM operating systems, systems software and middleware over all IBM platforms, and selected services for multivendor software.
- Site and connectivity services
- Systems management and networking services
  - Systems management and networking services include asset services, help desk services, network consulting, networking product services, performance management and capacity planning services, software distribution and deployment services, systems management consulting, and testing services.

### *Professional Services*

- Business transformation and management consulting
  - Data security consulting
  - Information technology consulting

- Object technology services
- Education and training services
- Electronic business services (see e-business services portfolio below)
- Enterprise application enabling services
  - Business intelligence
  - Enterprise resource planning
  - Year 2000 services
- Strategic outsourcing: operational management solutions and customized solutions
- Systems integration services

*e-business Services Portfolio (within Professional Services organization)*

IBM Global Services created the "e-business Services Portfolio", a composite portfolio of select electronic business-related services that draws upon service capabilities across business segment.

- Distributed learning services
  - Custom intranet-based education
  - Internet-based learning
- Electronic business advisory services
  - One day e-business seminars
  - One to two day opportunity workshops to help attendees prioritize top e-business opportunities
  - Three day strategy workshops where attendees create custom e-business plans
- Electronic commerce services
  - Business planning for electronic commerce
  - Electronic financial services
  - Electronic retailing/trade
  - Electronic transaction services
- Internet/extranet services
  - Application services

- Infrastructure services: assessment, architecture design and implementation
- Messaging services: messaging design, e-mail migration and enterprise messaging integration
- Managed network services: operational services for connectivity, network management and network security
- Security services
  - Awareness workshops
  - Assessments & planning services
  - Architecture & design services
  - Implementation services
  - Management services
- Support services
  - Consulting
  - Outsourcing and operational support

The e-business Services Portfolio spans the stages of an enterprise's electronic business development: plan, architect, construct, and operate.

#### *Network-Delivered Application Services*

In February 1998, IBM and JD Edwards announced a service that allows network-delivered access to JD Edwards enterprise resource planning software. The service is available through IBM Global Services for a small initial charge and a monthly per-user charge.

Designed to provide small- and medium-sized businesses with key business management systems applications, Business Computing Utility (BCU) is a network-delivered application service that allows remote data access, query, transfer and reporting functions of management systems applications billed on an as-used basis. Typical business management applications of the BCU include: general ledger, asset accounting, accounts payable, accounts receivable, order entry, billing and inventory.

#### **Clients**

Sample clients of IBM Global Services include American Express Financial Advisors; Ameritech; Baxter Healthcare Services, Inc.; Eastman Kodak Company; Federal Express; Hertz; Marriott International; Nintendo of America, Inc.; Pacific Bell; Phillips Petroleum; Pitney Bowes; Prudential; Rubbermaid; Texas Instruments; Unocal; Washington Mutual; and Waste Management, Inc. For a sampling of outsourcing clients, see Exhibit 2.

## Marketing and Sales

IBM Global Services is aggressively seeking to increase the number of resellers and business partners marketing its services. The majority of IBM PC's are sold and delivered through the Business Partner channel and IBM Global Services would like PC services to have similar percentages.

Strategically, IBM Global Services wants partners to reach small- and medium-sized businesses, as IBM Global Services is projecting greater growth in small- and medium-sized businesses versus companies with greater than 500 employees.

With more than 100 training partners worldwide, partners now deliver more than 20 percent of IBM training. IBM Global Services is also looking to partners to sell and deliver Y2000 services before, during, or after the application code is being assessed and converted by IBM.

### *New sales channels*

IBM Global Services is not exclusively focused on partner channels, as a couple of new distribution approaches have been implemented:

- IBM Direct Marketing allows customers to buy services directly from IBM telesales agents.
- Network-based IT services that can be purchased on the Internet include Web site hosting, IBM's HomePage Creator, IBM Global Campus, and OneWeb.



Exhibit 2

**IBM Global Services, Sample Outsourcing Awards  
1997 through 1Q 1998**

IBM Client	Industry	Award (\$M)	Outsourcing Type	Length (Yrs.)	Year
Alberta (Canada) "Wellnet"	Health	250	Application Management	5	1997
American Power Conversion	Utilities	30	Network Mgt.	10	1997
Ansett Australia	Transport	300	Network Mgt.	7	1997
Cathay Pacific Airways	Transport	150	Systems Management	9	1998
Daiwa Bank	Finance	200	Application Operations	10	1997
El Camino Hospital	Health	65	Network Mgt.	10	1997
FNAC	Retail	127	Application Operations	7	1997
G.E. Capital	Business Services	1,500	Systems Management	10	1998
Halliburton	Utilities	400	Intranets/Extranets/Web Hosting	7	1998
Italcementi	Proc. Mfg.	41	Systems Development	7	1998
Karstadt	Retail	200	Application Operations	10	1997
Lincoln National	Insurance	72	Systems Development	6	1998
Mazda	Disc Mfg.	24	Intranets/Extranets/Web Hosting	2	1998
Mercantile Mutual	Insurance	74	Desktop Svcs.	5	1997
Monsanto	Proc. Mfg.	450	Application Operations	10	1997
New Zealand Dairy Board	Misc. Industries	20	Systems Management	2	1998
Nova Gas Transmission Ltd.	Proc. Mfg.	392	Desktop Svcs.	5	1997
Pearl Assurance	Insurance	50	Application Operations		1997
Prudential Corp. Australia	Insurance	44	Systems Management	5	1998
Prudential Insurance Co.	Insurance	200	Application Management	5	1997
Ryder System, Inc.	Transport	1,400	Application Operations	10	1997
Ryder System, Inc.	Transport	700	Business Operations	10	1997
SC Johnson Wax	Proc. Mfg.	200	Technical Consulting	10	1998
Snow Milk Products	Proc. Mfg.	6	Systems Management	1	1998
Telstra	Telecom	2,900	Application Operations	10	1997
TruServ	Disc Mfg.	32	Application Management		1997
VARIIG Brazilian Airline	Transport	300	Application Operations		1997
VHA Inc.	Health	100	Network Mgt.	3	1997
Westchester County, NY	State/Local	85	Application Operations	7	1997

Source: INPUT



### *Shrink-wrapped services*

IBM Global Services has developed pre-packaged technical support services for the partner and reseller channel, called ServicePacs, that are predefined and prepriced for maintenance and services on both IBM and non-IBM technology.

ServiceSuite™ is a prepackaged suite of IBM maintenance services for hardware with options to include Support Line and Alert services or Support Line, Alert Services and on-site software maintenance.

ServiceElect™, similar to ServiceSuite™, is designed primarily for large enterprises that need to craft a customized, integrated services solution. ServiceElect™ combines hardware maintenance with other product support services in one consolidated contract.

Protection Express for AS/400 and RS/6000 is a flexible set of services prepackaged for small- and medium-sized businesses that ensure customers' business-critical applications will be accessible in the event of a system outage or disaster.

IBM Global Services introduced six packaged offerings for education and training services in February 1998: the IBM Education Card offers unlimited IBM education and training in public classes and conferences for one year at one price; the IBM Education Pack is a book with \$5,000 in coupons to be used towards IBM education and training; the IBM AIX Education Starter Kit is five days of basic AIX training at public classes and a series of IBM Redbooks on CD-ROM for RS/6000 owners; the IBM AS/400 Education Starter Kit provides admittance to attend any two AS/400 classes and the AS/400 series of IBM Redbooks on CD-ROM; AIX Essentials is a series of five computer-based multimedia training courses based on IBM's AIX training classes; and, the AS/400 Training Library, a series of three AS/400 courses on CD-ROM.

### **Recent Alliances**

In March 1998, GE Capital Services and IBM Global Services entered into a long-term information technology alliance. IBM acquired the commercial data center outsourcing business of GE Capital Services Technology Management Services (TMS) and will serve its current external customers worldwide. IBM will manage the data center and various network operations for GE Capital Services' businesses, as well as for GE Capital Services' customers. GE Capital Services will outsource its mainframe and midrange processing for its own businesses to IBM Global Services.

In February 1998, IBM and J.D. Edwards entered an agreement where customers can access J.D. Edwards ERP applications through a secure IBM Global Network link to a professionally-managed and operated IBM data center for a small initial charge and a monthly per-user charge.

Alliances announced in 1997 include those with Andersen Consulting, BellSouth, Daiwa Bank (Japan), NetDynamics, Novartis, Telebras/Embratel, and Telstra.

## Competition

IBM Global Services' key competitors include Andersen Consulting, Cap Gemini, Digital, EDS, CSC, GEIS, Hewlett-Packard, MCI Systemhouse, NTT Data, Perot Systems, and Unisys.

## Assessment

IBM Global Services' rapid rise to preeminence in IT services is nearly unique for organic growth within a preexisting organization. IBM Global Services has no intention on letting up the pace, even stealing some of the headlines from another high-profile success story, GE Capital TMS through the outsourcing of GE Capital's data center management business to IBM Global Services.

Quality products, economies-of-scale and simple yet attractive pricing, partnerships that build on complementary skills, and IBM's heritage and reliability are the major selling points of IBM Global Services e-business offerings. As a new entrant to the e-business arena, IBM Global Services is concentrating on contracts that represent a client's initial entry into e-business, rather than going after contracts that have existed in the past. IBM Global Services will continue to expand its services, positioning itself as a viable option for multiple services or complete solutions to customers of all sizes.

## COMPANY HIGHLIGHT

### IBM INFORMATION NETWORK

51 Weaver Street  
Greenwich, CT 06830  
(203) 629-2023

James M. Hewitt, General Manager  
Unit of IBM Corporation  
Total Employees: 800\*  
Total Revenue, Fiscal Year End  
12/31/82: \$25-30 million\*

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### THE COMPANY

- IBM Information Network, formed in February 1982, operates as an independent business unit of IBM Corporation offering remote computing and network services nationwide.
  - Formation of the Information Network marked IBM's re-entry into the remote computing services business, from which the company had been absent since the 1973 settlement of a private antitrust suit brought against it by Control Data Corporation. Under terms of the agreement, IBM sold its Service Bureau Corporation operations to Control Data for \$16 million and agreed to remain out of the U.S. data services business until January 1979.
- Major competitors for remote computing services are Control Data, GEISCO, MCAUTO, Automatic Data Processing, and Tymshare. Primary network services competition comes from AT&T's Advanced Communications Service, GTE's Telenet, and Tymshare's Tymnet.

### KEY PRODUCTS AND SERVICES

- IBM Information Network's 1982 revenue was derived from remote computing services, primarily from interactive processing. Revenue was also derived from remote batch and inquiry/response services.
- Remote computing services are marketed as a supplement to in-house systems during high-usage periods or to provide additional processing capabilities for applications development. The network also provides the non-data processing professional with the decision support applications needed to develop solutions to business problems.
  - All network applications are standard IBM software products available for purchase, in contrast to the proprietary products of other processing services vendors.
- More than 200 IBM program products and advanced operating systems are available on the network, which is operational 24 hours a day, 7 days a week, except for scheduled maintenance times.

\*INPUT estimate

- Although pricing varies according to computer usage, all users pay a \$200 monthly minimum fee plus a \$2-per-user monthly identification charge.
- Remote computing capabilities are offered in three product categories and use either the VM Productivity System (VMPS) or MVS Productivity System (MVSPS), based on VM/CMS and MVS/TSO, respectively. VMPS is used in personal computing, applications development, and data base processing. MVSPS is used only for applications development. Listings of major applications available on the network are provided in Exhibit A and Exhibit B.
- Resources for Personal Computing, or Information Center, are services offered on VMPS providing the non-data processing professional with decision support applications to assist in problem solving, text editing, project management, financial planning, statistics, query and analysis, report formatting, graphics, and calendar management.
- Key network applications include the following:
  - Application System (AS) provides data management; business communications, planning, and modeling; project control; reporting; and graphics facilities. AS has become a popular product in Europe and Japan where it is offered through IBM's Data Center Services.
  - IBM Professional Office System (PROFS) is an office productivity product for managers, professionals, and administrative support staffs. Capabilities include personal calendars, electronic mail, document searching, memo preparation, proofreading, and electronic distribution.
  - Storage and Information Retrieval System (STAIRS) is for text processing.
  - Document Composition Facility (DCF) is for document information storage and retrieval.
- Other applications available include:
  - A Departmental Reporting System-II (ADRS-II), a report preparation program for query, simple analysis, and data formatting.
    - ADRS with the Business Graphics Feature (ADRS-II/BG) provides business-oriented color graphics from ADRS-II reports.
  - Financial Planning System (FPS).

## EXHIBIT A

## IBM INFORMATION NETWORK

## VM PRODUCTIVITY SYSTEM

APPLICATION AREA/PRODUCT NAME	APPLICATION AREA/PRODUCT NAME
<ul style="list-style-type: none"> <li>• OPERATING SYSTEM AND RELATED CODE               <ul style="list-style-type: none"> <li>- VM/SP</li> <li>- VM/IFS</li> <li>- SPF</li> <li>- CMS SORT FOR VM/370</li> <li>- IIPS</li> <li>- DOS/VSE</li> <li>- VSE/VSAM</li> <li>- VSE/ADVANCED FUNCTIONS</li> <li>- VSE/POWER</li> </ul> </li> <li>• DATA BASE/DATA COMMUNICATIONS               <ul style="list-style-type: none"> <li>- DL/I</li> <li>- CICS/DOS</li> <li>- DMS/CICS/VS</li> <li>- DBDA</li> </ul> </li> <li>• PROGRAMMING LANGUAGES (DEVELOPMENT CENTER)               <ul style="list-style-type: none"> <li>- DOS PL/I</li> <li>- DOS/VS COBOL</li> <li>- DOS RPG II</li> <li>- OS ASSEMBLER</li> <li>- OS FORTRAN IV</li> <li>- FORTRAN</li> <li>- VS FORTRAN</li> <li>- FORTRAN INTERACTIVE DEBUG</li> <li>- OS PL/I</li> <li>- OS/VS COBOL</li> <li>- COBOL</li> <li>- PASCAL/VS</li> <li>- VS BASIC</li> <li>- VS APL</li> <li>- APL</li> </ul> </li> <li>• TEXT PROCESSING               <ul style="list-style-type: none"> <li>- DCF</li> <li>- STAIRS</li> </ul> </li> <li>• DATA BANK               <ul style="list-style-type: none"> <li>- INFORMATION/SYSTEM II</li> <li>- INFORMATION/LIBRARY II</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• APPLICATIONS PROGRAMS (INFORMATION CENTER)               <ul style="list-style-type: none"> <li>- HIPODRAW</li> <li>- PROJACS</li> <li>- PEACS</li> <li>- ADRS-II</li> <li>- APL/DI-II</li> <li>- FPS-II</li> <li>- APL/CSMP</li> <li>- STATLIB1</li> <li>- STATLIB2</li> <li>- APL GPSS</li> <li>- APL MTSA</li> <li>- APL CSMP</li> <li>- AS</li> <li>- PROFS</li> </ul> </li> <li>• CONVERSION AIDS               <ul style="list-style-type: none"> <li>- FORTRAN</li> <li>- DOS TO OS ASSEMBLER MACRO</li> <li>- IBM ANS COBOL FROM:                   <ul style="list-style-type: none"> <li>• HONEYWELL 200 SERIES COBOL</li> <li>• RCA COBOL</li> <li>• NCR CENTURY COBOL</li> <li>• BURROUGHS 2500 SERIES COBOL</li> <li>• GE-415 COBOL</li> </ul> </li> </ul> </li> <li>• GRAPHICS               <ul style="list-style-type: none"> <li>- ADRS-II/BG</li> <li>- GRAPHPAK</li> <li>- GDMM</li> <li>- PGF</li> <li>- ICU</li> </ul> </li> <li>• INTERACTIVE INSTRUCTION COURSES               <ul style="list-style-type: none"> <li>- BASIC AUTHOR TRAINING</li> <li>- EXTENDED AUTHOR TRAINING</li> <li>- ADMINISTERING 11S</li> <li>- NUMBERING SYSTEMS</li> <li>- 3276/327B OPERATOR TRAINING: CAI</li> <li>- 3270 OPERATOR TRAINING</li> <li>- CONVERSATIONAL MONITOR SYSTEM (CMS) FUNDAMENTALS: CAI</li> <li>- INTRODUCTION TO A DEPARTMENTAL REPORTING SYSTEM: CAI</li> <li>- BASIC OS JCL TRAINING: CAI</li> <li>- PL/I PROGRAMMING: CAI</li> <li>- COBOL INTERACTIVE DEBUG TRAINING</li> <li>- DOCUMENT COMPOSITION FACILITY TRAINING: CAI</li> <li>- STAIRS/VS TRAINING</li> <li>- DL/I BASIC PROGRAMMING COURSE: CAI</li> <li>- DL/I ADVANCED PROGRAMMING COURSE: CAI</li> <li>- DMS/CICS/VS BASIC APPLICATION PROGRAMMING: CAI</li> <li>- IMS DC PROGRAMMING COURSE: CAI</li> <li>- IMS/VS MESSAGE FORMAT SERVICES TRAINING: CAI</li> <li>- IMS/VS MASTER TERMINAL OPERATOR</li> <li>- INTRODUCTION TO TSO</li> <li>- USING TSO EFFECTIVELY</li> </ul> </li> </ul>

EXHIBIT B

IBM INFORMATION NETWORK

MVS PRODUCTIVITY SYSTEM

APPLICATION AREA/PRODUCT NAME

- OPERATING SYSTEM
  - OS/VS2
  - MVS/SP
  - SPF
  - ACF/VTAM
  - SAM-E
  - OS/VS SORT/MERGE
  - NJE FOR JES2
  - RACF
  - RMF
  - DF/DSS
  - DF/DS
- PROGRAMMING LANGUAGES
  - OS ASSEMBLER
  - COBOL
  - OS/VS COBOL
  - OS FORTRAN IV
  - OS FORTRAN
  - PL/1
- TIMESHARING OPTION
  - TSO
  - OS/VS2 TSO
  - MVS/TSO/VTAM
- TEXT PROCESSING
  - DCF
  - DLF
- DATA BASE/DATA COMMUNICATIONS
  - IMS/VS
  - BTS-II
  - DB/DC DATA DICTIONARY — OS/VS

- Project Evaluation and Control System (PROJACS) and Project Analysis and Control System (PEACS) for project management.
- Resources for Data Processing Professionals, or Development Center, offers over 100 tools for developing, testing, and maintaining programs or preparing software for installation on in-house systems.
  - Development Center capabilities are offered both on VMPS and MVSPS and provide tools for applications development and implementation.
  - Software tools include language processors, CICS development programming aids, conversion aids, and utility programs.
- The Data Bank for DP Professionals is designed to reduce lengthy information searches by systems and applications programmers, systems analysts, data base administrators, operators, and librarians. Two data bases, managed and updated by IBM, provide current information on IBM hardware and software products, publications, and education offerings. Data base access starts at \$200 per month, which provides for approximately 15 searches.
  - The Information/System II data base contains technical information for MVS, VM/370, DOS/VSE, or OS/VS1 environments in the form of abstracts of complete text. Data is compiled primarily from IBM support and maintenance locations providing relevant product information on operating systems, compilers, assemblers, access methods, DB/DC products, emulators, job entry subsystems, utilities, and interactive products.
  - Information/Library II provides MVS System Reference Library Information consisting of titles, tables of contents, indices, and a growing number of documents in full text.
    - The data base acts as a readily available master index for quick reference to formal documentation related to MVS and does not function as a substitute for the library of printed materials.
- Education, consulting, and administrative support are available to all IBM Information Network clients.
  - Classroom courses are offered at IBM Education Centers throughout the U.S.
  - Self-study education is available through independent study programs and student and programmed instruction texts.

## IBM INFORMATION NETWORK

- On-line education includes the HELP facility, selected tutorials, and the Interactive Instructional Presentation System (IIPS).
- A toll-free telephone line connects users to the Network's Customer Assistance Department.
- An Executive Briefing Center is located in Tampa.
- In late 1982 IBM Information Network introduced two services through its Network Management business.
  - Network Services, introduced in September 1982, provides IBM assistance in the design, installation, testing, implementation, and management of client data communications networks connecting terminals and processors nationwide.
    - Services include network capacity planning, control of physical network resources, and monitoring of network performance and availability. IBM Information Network also tracks problems, network charges, and inventory and provides clients with management reports, education, and training.
    - Network Services clients may also access all IBM Information Network remote computing services on a usage fee basis.
    - Host computers attached to IBM Information Network for Network Services must use ACF/VTAM, ACF/VTAME, or BTAM and either IMS/VS or CICS/VS.
  - The Insurance Communication Service is a network which will link 40,000 to 50,000 independent insurance agents and corporate underwriters with insurance companies nationwide. It is scheduled for general availability in July 1983.
    - IBM Information Network was selected by the Insurance Institute for Research (IIR) in October 1982 to perform protocol conversions for up to 7 types of terminals and processors and to provide message switching and other processing services at volume discounts.
    - IIR has formed a separate company which will interface with IBM Information Network to establish the Insurance Value-Added Network Service (IVANS). IVANS will consist of IBM's Insurance Communication Service supplemented by customized facilities and supervisory and support services for insurance users.
- In April 1983 IBM's Personal Computer Group in Boca Raton (FL) began using the network to connect their dealers with a data base of bulletins and other updated information regarding the Personal Computer product.



## INDUSTRY MARKETS

- IBM Information Network services are marketed across industry sectors. During 1982 customers included several large banks, telephone companies, engineering and contracting firms, and clients in aerospace and law.
  - Some 1983 revenue is expected to be derived from the insurance industry as a result of the agreement signed with the Insurance Institute for Research.
  - The company has also identified the retail, financial, medical, manufacturing, and distribution industries as additional vertical marketplaces to enter.

## GEOGRAPHIC MARKETS

- One hundred percent of the IBM Information Network's revenue is derived from clients across the U.S.
  - Marketing offices are located in the primary network node cities including New York City, Washington D.C., Atlanta, Chicago, Dallas, San Francisco, Los Angeles, and Tampa. Offices are also located in Philadelphia, Boston, Minneapolis, and St. Louis.

## COMPUTER HARDWARE AND SOFTWARE

- The IBM Information Network maintains an unspecified number of 30XX mainframes running under VM and MVS at its Tampa data center.
  - Primary network nodes are located in eight cities across the U.S. Secondary nodes are located in an additional 250 cities.
  - Network access is via dial-up and leased lines.
  - Network communications operate under IBM's System Network Architecture (SNA), SDLC, and bisynchronous or start/stop protocols.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

December 1997

## IBM Global Services — SAP Services

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*The following profile outlines the services and support offered by IBM Global Services to its clients for SAP services.*

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### Company Background

IBM was founded in 1924 as a producer of tabulators and cash registers. Over the years, the company has expanded its operations considerably and reported revenues in 1995 at \$72 billion generated in 130 countries worldwide. IBM has in the past decade increased its activities in IT services and today has some 74,000 services professionals out of a total staff of 225,000, making it the world's largest IT services organization. IBM's services business (including maintenance) accounted for \$20 billion in revenues in 1995.

IBM has alliances with a range of independent software vendors, including SAP. The company has created an Enterprise Resource Planning (ERP) solutions organization with a mission to provide

marketing support and consulting services for IBM solutions supporting ERP vendors, including Baan, JD Edwards, PeopleSoft, SSA and Oracle.

### SAP Activities

#### *Relationship with SAP*

IBM's relationship with SAP dates back to 1972 and the development of SAP R/2 for IBM's mainframe systems. Today, IBM is a SAP Global Logo Partner, a Global Development Partner and a Global Technology Partner.

In 1995, IBM organized all its SAP activities and expertise under the umbrella Global Service Line. This organization was put in place to ensure that IBM's customers would receive consistent levels of service, both in SAP consulting and SAP-related expertise in

technology throughout the world. The Global Service Line consists of engagement managers, management consultants, project managers, SAP application architects, and specialists in SAP development, infrastructure and applications.

IBM has 26 SAP Competency Centers around the world. The IBM SAP International Competency Center is co-located with SAP AG in Walldorf, Germany and jointly staffed by SAP and IBM employees. Other European Competency Centers are located in London, Paris, and Munich. IBM and SAP also have a network of jointly staffed IBM-SAP Business Solution Centers which are focused on product development and industry solutions.

Apart from being one of SAP's largest partners, IBM is also one of SAP's largest customers. The company's San Jose facility has been in production since end of 1994 with over 1,000 users on a SAP system. IBM will likely be SAP's first R/3 customer with more than 10,000 concurrent users on a single R/3 system. Ultimately, IBM expects to have over 100,000 SAP R/3 users worldwide. The company is using its experiences from this major implementation when advising and assisting clients.

IBM was awarded the SAP Award of Excellence in 1995 and 1996, based on results from SAP's annual customer satisfaction survey.

### Employees

Currently IBM has 3,200 SAP specialists worldwide with over 500 of these based in the U.S. IBM plans to have over 4,000 SAP consulting staff by December 1997.

### SAP Offerings

IBM offers the following services for SAP projects:

- Business Transformation
- Management Consulting
- Business Process Engineering
- Application Mapping
- SAP Implementation
- SAP Implementation Planning
- Project Management
- Systems Integration
- Project & End-user Education and Training
- Customization, ABAP/4 Expertise
- R/2 to R/3 Migration
- Information Technology Consulting
- IT Architecture
- Planning & Implementation
- BASIS Consulting
- Systems, Network and Security Management
- Managed Operations
- Systems and Facilities Management
- Global Network Outsourcing
- Business Recovery Services
- Disaster Recovery Services

IBM has a structured SAP implementation methodology which it applies to implement SAP systems efficiently. The Methodology covers all phases of an R/3 engagement addressing

preparation, analysis, design and implementation and includes the following components:

- Business Process Review and Improvements
- System Build, Configuration and Integration
- Education, Training and Documentation
- Change Management.

The IBM SAP Implementation Methodology is enhanced based on IBM's own experiences in implementing R/3. The methodology has been specifically developed to fit SAP's unique architecture. An important part of IBM's implementation methodology is knowledge and skills transfer to clients' in-house teams.

IBM also offers an integrated implementation environment with a Lotus Notes Project Office capability integrated with SAP R/3, process modeling tools and the IBM SAP Implementation Methodology. Industry templates containing pre-configured SAP implementations are offered including wholesale, automotive, engineered-to-order and make-to-stock. SAP's ASAP project approach can also be integrated with the IBM SAP Implementation Methodology to provide rapid implementations, primarily for the mid-range marketplace.

#### Technology

IBM has a complete family of servers with characteristics to support different requirements for platforms in SAP R/3 implementations.

**IBM RS/6000** is one of the leading SAP R/3 servers with more than 1,500

installations. RS/6000 systems are scaleable from uniprocessor systems through symmetric multiprocessor (SMP) designs to Scaleable Parallel (SP) systems. The RS/6000, with IBM's UNIX operating system AIX, will run IBM's own DB2, Informix, Adabas and Oracle databases.

In 1996, IBM made its **AS/400 Advanced Series** available as a platform for R/3. The system supports requirements for simplified R/3 implementation with its integrated platform offering relational database DB2 for OS/400, security, systems management and networking.

IBM's **PCs and PC Servers** can act as entry points if Microsoft Windows NT has been chosen as platform. For the R/3 desktop the PCs can run OS/2 Warp, Windows 3.1, Windows 95 or Windows NT.

On the **S/390**, SAP R/2 is still the natural choice. However, IBM and SAP are jointly developing R/3 solutions for the S/390 series. A current project is evaluating a S/390 database server for R/3 that will take advantage of the systems ability to handle mission critical operations for a large number of concurrent users. The S/390 will allow R/2 and R/3 to co-exist on the same system, thereby simplifying the transition for existing R/2 users.

#### Industry Knowledge And References

IBM supports all vertical markets and is working with SAP Industry Center of Expertise to develop solutions for industries such as Manufacturing, Petroleum, Retail, Health, Automotive, Telecommunications/Media Public Sector, Insurance, Transportation and Utilities.

## INPUT Vendor Profile

Exhibit 1 details the company's vertical market involvement in terms of consulting or implementation projects.

Exhibit 1

Exhibit 2 details a selection of major SAP projects in the United States involving IBM services.

### Vertical Market Involvement

Vertical Market	Consulting	Implementation
Finance	High	Low
Retail	High	High
Utilities	High	Medium
Communications	High	High
Transport	Medium	Low
Business Services	High	Low
Discrete Manufacturing	High	High
Process Manufacturing	High	High

Source: IBM

Exhibit 2

### Selected Customer Projects

Customer	Industry	Project Details
Sony	Electronics	R/3 total solution implemented, including Basis and training support. Nine month implementation.
Stanley Works	Manufacturing and Distribution	R/3 implementation on AS/400 platform for order entry processing.
American Packaging	Consumer Goods	R/3 total solution implementation to integrate diverse legacy applications. Implementation time seven months.
Elf Atochem	Chemical	Multi-year R/3 implementation for thirteen strategic business units.
Chrysler	Automotive	International scope for Invoicing and Financial systems using fast track methodology. Implementation time six months.

Source: IBM

## **Strategic Positioning**

### **Special Strengths**

IBM has a long-standing and extensive relationship with SAP and is the only company that is a Global Development, Consulting, and Technology partner. The company is the only SAP service provider that can offer clients a total systems integration solution which includes hardware, software and a complete range of services.

IBM considers the breadth of its SAP services offerings and the depth of its technology solutions to be unique. The company further believes that its SAP Implementation Methodology differs from other approaches in having been developed specifically for the SAP market. IBM's SAP business has a strong global network with seamless worldwide roll-out capabilities.

### **Competition**

Internationally, IBM considers its main competitors to be the "Big Six" firms.

### **Objectives**

IBM plans to be the market leader in providing SAP implementation services in the U.S. The company is pursuing a policy of employing experienced SAP implementation specialists and industry experienced personnel to support its growth in the market.





# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

December 1997

## IBM Global Services — SAP Services

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### Contact Information:

Randy Walker  
IBM Global Services  
1600 Riveredge Parkway  
Atlanta, Georgia 30328-4667  
Tel: (770)303-1350

*The following profile outlines the services and support offered by IBM Global Services to its clients for SAP services.*

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### **Company Background**

IBM was founded in 1924 as a producer of tabulators and cash registers. Over the years, the company has expanded its operations considerably and reported revenues in 1995 at \$72 billion generated in 130 countries worldwide. IBM has in the past decade increased its activities in IT services and today has some 74,000 services professionals out of a total staff of 225,000, making it the world's largest IT services organization. IBM's services business (including maintenance) accounted for \$20 billion in revenues in 1995.

IBM has alliances with a range of independent software vendors, including SAP. The company has created an Enterprise Resource Planning (ERP) solutions organization with a mission to provide

marketing support and consulting services for IBM solutions supporting ERP vendors, including Baan, JD Edwards, PeopleSoft, SSA and Oracle.

### **SAP Activities**

#### ***Relationship with SAP***

IBM's relationship with SAP dates back to 1972 and the development of SAP R/2 for IBM's mainframe systems. Today, IBM is a SAP Global Logo Partner, a Global Development Partner and a Global Technology Partner.

In 1995, IBM organized all its SAP activities and expertise under the umbrella Global Service Line. This organization was put in place to ensure that IBM's customers would receive consistent levels of service, both in SAP consulting and SAP-related expertise in

technology throughout the world. The Global Service Line consists of engagement managers, management consultants, project managers, SAP application architects, and specialists in SAP development, infrastructure and applications.

IBM has 26 SAP Competency Centers around the world. The IBM SAP International Competency Center is co-located with SAP AG in Walldorf, Germany and jointly staffed by SAP and IBM employees. Other European Competency Centers are located in London, Paris, and Munich. IBM and SAP also have a network of jointly staffed IBM-SAP Business Solution Centers which are focused on product development and industry solutions.

Apart from being one of SAP's largest partners, IBM is also one of SAP's largest customers. The company's San Jose facility has been in production since end of 1994 with over 1,000 users on a SAP system. IBM will likely be SAP's first R/3 customer with more than 10,000 concurrent users on a single R/3 system. Ultimately, IBM expects to have over 100,000 SAP R/3 users worldwide. The company is using its experiences from this major implementation when advising and assisting clients.

IBM was awarded the SAP Award of Excellence in 1995 and 1996, based on results from SAP's annual customer satisfaction survey.

### Employees

Currently IBM has 3,200 SAP specialists worldwide with over 500 of these based in the U.S. IBM plans to have over 4,000 SAP consulting staff by December 1997.

### SAP Offerings

IBM offers the following services for SAP projects:

- Business Transformation
- Management Consulting
- Business Process Engineering
- Application Mapping
- SAP Implementation
- SAP Implementation Planning
- Project Management
- Systems Integration
- Project & End-user Education and Training
- Customization, ABAP/4 Expertise
- R/2 to R/3 Migration
- Information Technology Consulting
- IT Architecture
- Planning & Implementation
- BASIS Consulting
- Systems, Network and Security Management
- Managed Operations
- Systems and Facilities Management
- Global Network Outsourcing
- Business Recovery Services
- Disaster Recovery Services

IBM has a structured SAP implementation methodology which it applies to implement SAP systems efficiently. The Methodology covers all phases of an R/3 engagement addressing

preparation, analysis, design and implementation and includes the following components:

- Business Process Review and Improvements
- System Build, Configuration and Integration
- Education, Training and Documentation
- Change Management.

The IBM SAP Implementation Methodology is enhanced based on IBM's own experiences in implementing R/3. The methodology has been specifically developed to fit SAP's unique architecture. An important part of IBM's implementation methodology is knowledge and skills transfer to clients' in-house teams.

IBM also offers an integrated implementation environment with a Lotus Notes Project Office capability integrated with SAP R/3, process modeling tools and the IBM SAP Implementation Methodology. Industry templates containing pre-configured SAP implementations are offered including wholesale, automotive, engineered-to-order and make-to-stock. SAP's ASAP project approach can also be integrated with the IBM SAP Implementation Methodology to provide rapid implementations, primarily for the mid-range marketplace.

#### Technology

IBM has a complete family of servers with characteristics to support different requirements for platforms in SAP R/3 implementations.

**IBM RS/6000** is one of the leading SAP R/3 servers with more than 1,500

installations. RS/6000 systems are scaleable from uniprocessor systems through symmetric multiprocessor (SMP) designs to Scaleable Parallel (SP) systems. The RS/6000, with IBM's UNIX operating system AIX, will run IBM's own DB2, Informix, Adabas and Oracle databases.

In 1996, IBM made its **AS/400 Advanced Series** available as a platform for R/3. The system supports requirements for simplified R/3 implementation with its integrated platform offering relational database DB2 for OS/400, security, systems management and networking.

**IBM's PCs and PC Servers** can act as entry points if Microsoft Windows NT has been chosen as platform. For the R/3 desktop the PCs can run OS/2 Warp, Windows 3.1, Windows 95 or Windows NT.

On the **S/390**, SAP R/2 is still the natural choice. However, IBM and SAP are jointly developing R/3 solutions for the S/390 series. A current project is evaluating a S/390 database server for R/3 that will take advantage of the systems ability to handle mission critical operations for a large number of concurrent users. The S/390 will allow R/2 and R/3 to co-exist on the same system, thereby simplifying the transition for existing R/2 users.

#### Industry Knowledge And References

IBM supports all vertical markets and is working with SAP Industry Center of Expertise to develop solutions for industries such as Manufacturing, Petroleum, Retail, Health, Automotive, Telecommunications/Media Public Sector, Insurance, Transportation and Utilities.

## INPUT Vendor Profile

Exhibit 1 details the company's vertical market involvement in terms of consulting or implementation projects.

Exhibit 1

Exhibit 2 details a selection of major SAP projects in the United States involving IBM services.

### Vertical Market Involvement

Vertical Market	Consulting	Implementation
Finance	High	Low
Retail	High	High
Utilities	High	Medium
Communications	High	High
Transport	Medium	Low
Business Services	High	Low
Discrete Manufacturing	High	High
Process Manufacturing	High	High

Source: IBM

Exhibit 2

### Selected Customer Projects

Customer	Industry	Project Details
Sony	Electronics	R/3 total solution implemented, including Basis and training support. Nine month implementation.
Stanley Works	Manufacturing and Distribution	R/3 implementation on AS/400 platform for order entry processing.
American Packaging	Consumer Goods	R/3 total solution implementation to integrate diverse legacy applications. Implementation time seven months.
Elf Atochem	Chemical	Multi-year R/3 implementation for thirteen strategic business units.
Chrysler	Automotive	International scope for Invoicing and Financial systems using fast track methodology. Implementation time six months.

Source: IBM

## **Strategic Positioning**

### **Special Strengths**

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IBM considers the breadth of its SAP services offerings and the depth of its technology solutions to be unique. The company further believes that its SAP Implementation Methodology differs from other approaches in having been developed specifically for the SAP market. IBM's SAP business has a strong global network with seamless worldwide roll-out capabilities.

### **Competition**

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### **Objectives**

IBM plans to be the market leader in providing SAP implementation services in the U.S. The company is pursuing a policy of employing experienced SAP implementation specialists and industry experienced personnel to support its growth in the market.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

July 1995

## IBM Integrated Systems Solutions Corporation

**President  
& CEO:** Samuel J. Palmisano  
44 South Broadway  
White Plains, NY 10601  
**Phone:** (800) 873-4772



Status:	Wholly Owned Subsidiary
Parent:	IBM Corporation
Employees:	15,000 (1/95)
Total Revenue:	\$7,500,000,000
Fiscal Year End:	12/31/94

tailored alliances across a range of vertical industry niches. In early 1993, ISSC expanded its vertical market focus from 11 to 16 sectors.

### Key Points

- Integrated Systems Solutions Corporation (ISSC) was formed as a wholly-owned subsidiary of IBM to establish IBM market leadership as a world-class supplier of systems operations services to both external and internal customers.
- ISSC is resolved to fan out well beyond conventional outsourcing into custom-

- ISSC now has a small direct sales force. ISSC's marketing team meets with customers only after IBM sales staff have first identified prospects while selling other IBM products.

### Company Description

IBM Integrated Systems Solution Corporation (ISSC), which began operating as a division of IBM in 1991, was established in March 1992 as a separate services subsidiary.

ISSC currently provides systems operations, systems integration, consulting, voice and data networking, applications software development, distributed systems management, client/server and business recovery services to units of IBM and to other clients across a range of industries.

IBM Corporation, ISSC's parent, is headquartered in Armonk (NY) and had worldwide revenues of \$64.1 billion in 1994.

ISSC holds the majority interest in Advantis, the networking services joint venture formed in December 1992 between IBM and Sears, Roebuck and Co.

### **Organization and Structure**

Headquartered in White Plains (NY), ISSC is made up of four main groups:

- **IBM Field Consulting and Services**—Provides systems integration and consulting services in the U.S.
- **Hardware/Software Network Integration**—Provides design/architecture, development and training
- **Business Recovery Services**
- **Business Services Solutions**—Handles processing of benefits and outsourcing of human resources

ISSC's North American operation is organized along industry lines. ISSC's market participation is in the areas of distribution, transportation and travel, healthcare and insurance, finance and securities, state and local government, utilities, aerospace and federal. The company has vice presidents that head each of these vertical markets.

ISSC has 12 major information technology operational sites across the U.S. and 14 additional support locations.

Principal site locations include:

- Bethesda (MD)
- Long Beach (CA)
- Southbury (CT)
- Lexington (KY)
- Sterling Forest (NY)
- Poughkeepsie (NY)
- Boulder (CO)
- Tampa (FL)
- Dayton (OH)
- St. Louis (MO)
- Atlanta (GA)
- Somers (NY)

Additional site locations include:

- Newington (CT)
- Woodbridge (NJ)
- Nashville (TN)
- Grand Rapids (MI)
- New Orleans (LA)
- Santa Monica (CA)
- Alpharetta (GA)
- Rochester (NY)
- Raleigh (NC)
- Memphis (TN)
- Chicago (IL)
- Palo Alto (CA)
- Dallas (TX)
- Middletown (OH)

ISSC has five client/server-specific technical centers that specialize in distributed computing environments, client/server business process re-engineering, applications development, systems integration and software management.



These centers are located in:

- Austin (TX)
- Boulder (CO)
- Chicago (IL)
- Dallas (TX)
- St. Louis (MO)

ISSC's six Centers of Competence for systems integration, applications development and applications are located in:

- Bethesda (MD)—Applications development and maintenance business process techniques
- Bethesda (MD)—Information systems tools and environments
- Dallas (TX)—Applications development/maintenance technical methodologies
- Palo Alto (CA)—Object technology
- Atlanta (GA)—Measurements/estimating

- White Plains (NY)

ISSC has a distributed computing center in Austin (TX)

### Company Strategy

ISSC is investing heavily in areas of development of systems integration, application development, application maintenance technology, skills and tools.

ISSC views the whole desktop networking arena as absolutely essential. The company continues to invest heavily in network-centric computing—connecting people with other people and the information they need, enabling them to act on it at anytime, anyplace.

### Financials

INPUT estimates that ISSC had total revenues of approximately \$7.5 billion in 1994. Approximately \$3.0 billion of the 1994 revenue was derived from non-IBM clients.

A three-year revenue summary is as follows:

**IBM Integrated Systems Solutions Corporation  
Three-Year Revenue Summary  
(\$ Billions)**

Item	Fiscal Year		
	1994	1993	1992
Revenue *	\$7.5	\$4.0	\$1.84
• Percent change from previous year	88%	117%	N/A

\* INPUT estimate

### Market Financials

ISSC currently participates in 16 major vertical industry segments, including aerospace, finance, insurance, health, process manufacturing, discrete manufacturing, retail distribution, wholesale distribution, media,

communications, lodging, federal, state and local government, transportation and utilities.

ISSC tends to work with large companies, which represent approximately 80% of its business. It is estimated that ISSC currently has over 3,000 external (non-IBM) customers.

## Geographic Markets

It is estimated that virtually 100% of ISSC's revenue is derived from the U.S.

Currently, ISSC manages U.S. companies' data centers located in other countries, but can only handle U.S.-based data centers for overseas companies. IBM has formed ventures in Europe similar to ISSC to provide services outside the U.S.

## Employees

As of January 1, 1995, ISSC employed more than 15,000 employees nationwide, mostly technical staff.

## Key Products and Services

ISSC provides systems and network operations, systems integration, technology consulting, applications development and maintenance and business recovery services.

### *Systems Operations*

IBM's systems operations agreements are long-term in nature, typically five to ten years.

ISSC provides day-to-day management for significant portions, if not all, of the client's IS infrastructure, including operations, production control, end-user support, maintenance, as well as application development and maintenance.

ISSC may also work with clients to design a new IS environment, then develop and manage the total implementation. The implementation may include consolidation of multiple data centers, voice and data networks, standardization of platforms, application convergence and systems management.

Systems operations services are available from ISSC as follows:

- **Remote Systems Operations**—ISSC remotely manages the client's current systems from its Boulder (CO) facility.
- **Onsite Operations**—ISSC assumes on-site operational responsibility, which may involve the consolidation and restructuring of existing facilities.
- **Shared Host Environment**—The customer's processing requirements are brought into an existing ISSC facility.

ISSC also provides traditional service bureau services where it assumes processing responsibility for a particular application.

### *Professional Services*

ISSC provides management, function and information technology consulting services generally in the areas of data center and network operations and linking business strategies to technology.

ISSC can also assume ongoing responsibility for a client's application development process and staff, including the design, programming and implementation of new applications and for ongoing application program maintenance.

### *Systems Integration Services*

ISSC may act as the prime contractor for an IS project. ISSC's integration services generally are shorter in duration than its systems operations contracts.

### *Business Recovery Services*

ISSC's business recovery services include planning, testing, and in the event of a disaster, use of an IBM Business Recovery Center. Two classes of services are offered—one targeted to large systems

environment and one targeted toward mid-range systems.

ISSC has large-system Business Recovery Centers in Tampa (FL), Sterling Forest (NY) and Washington D.C. These centers have multiple, large-system processors and peripherals, and both IBM and non-IBM networks.

ISSC also offers Remote Customer Sites in Chicago, Los Angeles, Minneapolis, Boston, Denver, Detroit, San Francisco, Washington D.C., Dallas, Seattle and Atlanta to remotely access the centers in Tampa and Sterling Forest.

Business recovery services for the mid-range environment are currently provided through regional Business Recovery Centers in Atlanta, Detroit, Philadelphia, Los Angeles, Washington D.C. Tampa, Dallas, Chicago, Seattle, Sterling Forest and Minneapolis. These centers house either IBM System/36, System/38 and/or AS/400 systems.

Business recovery services are priced on a subscription-fee basis. Subscriptions are available for one-, three-, or five-year terms.

#### *Network Services and Operations*

ISSC provides network services through its networking arm—Advantis. ISSC maintains interconnected electronic information networks that can be readily accessed by customers.

#### *Application Development and Maintenance*

ISSC works with IBM's own resources and those of its network of business partners to provide application development and maintenance services.

#### *Distributed Systems Management Services*

ISSC provides network management services for the client/server environment. The company has termed these services as NetWorkStation (NWS) management services and offerings include:

- Facility preparation, hardware/software procurement, pre-delivery preparation, installation and user migration
- User training
- Integrated help desk
- LAN management, including network availability, network performance, change management and capacity management
- Security management
- Asset management
- Software installation and distribution
- Hardware/software maintenance including on-site technical administration, moves and upgrades

#### *Client/Server Architectures*

ISSC's client/server service offerings include design of client/server networks, development and maintenance of mission-critical applications, implementation of complex distributed databases, management tools and operations of desktop environments.

#### **Contracts**

A representative list of contracts awarded to ISSC in recent years include the following:

- In January 1995, ISSC formed an alliance with Public Service Co. of Colorado. According to the agreement, ISSC will work with *e prime*—a new subsidiary formed by Public Service Co.—to develop and deliver

advanced customer service and energy management applications for utility and energy-using customers. The value of this agreement to ISSC is approximately \$500 million over the next 10 years.

- ISSC entered into a 10-year \$100 million outsourcing and marketing agreement with Ceridian Corporation of Minneapolis. The agreement calls for ISSC to provide payroll processing for Ceridian and for the two companies to jointly market Ceridian services.
- In November 1994, ISSC was awarded a 10-year, \$450 million outsourcing contract with PECO Energy Company. ISSC will manage PECO Energy's information systems functions including data center operations, help desk services, Local Area Network and desktop administration and applications maintenance.
- In October 1994, ISSC signed a technology agreement with Henry Ford Health System (HFHS), under which, ISSC will provide network integration services to HFHS.
- In August 1994, ISSC was awarded a 10-year, \$110 million contract with America's Favorite Chicken (AFC), whereby ISSC will provide comprehensive information technology systems for AFC and its two brands—Churchs Chicken and Popeyes Chicken & Biscuits restaurants.
- In August 1994, ISSC entered into a three-and-a-half year, \$45 million contract with Owen & Minor, Inc. to manage and operate Owen & Minor's mainframe system, as well as assist in the migration of information technology of Owen & Minor's acquisition—Stuart Medical into Owen & Minor.

- In August 1994, the State of North Dakota awarded two technology contracts to ISSC. ISSC agreed to develop application technology to help the state initiate welfare reform.
- In August 1994, ISSC was awarded a six-year, multi-million dollar systems integration and systems operations contract with BethShip to provide data center operations, business recovery services, help desk support, application implementation consulting and training services to BethShip.
- In June 1994, ISSC entered into a three-year technology contract with AlliedSignal Aerospace to provide a fully integrated customer service center with complete multi-vendor support, end-user training programs, technology project support and asset management.
- In April 1994, ISSC signed a \$500 million contract with Amtrak. Under the terms of the agreement, ISSC is providing Amtrak with data center operations, disaster recovery services, voice and data network services, help desk, PC and LAN support, business reengineering consulting and equipment moves, adds and changes. Network services will be provided by Advantis, the networking technology part of ISSC.
- In January 1994, ISSC entered into a \$300 million, 10-year systems integration alliance with Unisource Worldwide, Inc. to implement a company-wide software/hardware system for Unisource's core wholesale distribution business. In addition, ISSC will develop applications, as well as manage and consolidate operations of Unisource's 16 data center sites.

- In January 1994, ISSC was awarded a five-year contract with Merisel, Inc. to provide data center management for Merisel's U.S. and Canadian data centers.
- In April 1993, ISSC was awarded a 10-year, \$650 million contract with Equifax Inc. to provide data center management; network and LAN management, operation, maintenance and support through Advantis; business recovery services and improved technology.
- In March 1993, ISSC won a five-year, \$80 million outsourcing contract with Hertz Co. whereby ISSC will take over IBM-based operations, business recovery services and a majority of application development for Hertz.
- In March 1993, ISSC was awarded a five-year, multimillion dollar outsourcing contract with Northwest Natural Gas Company. Services are being provided from IBM's Boulder (CO) facility.
- In February 1993, ISSC was awarded a 10-year, multimillion dollar contract with Armco Steel Company to provide outsourcing and application development services out of Armco's Middletown (OH) data center.
- In January 1993, ISSC signed a 10-year, \$70 million data center management and technology development contract with Kaiser Permanente, the largest health maintenance organization. ISSC is supporting Kaiser's expansion regions in Georgia, North Carolina, Texas and the Hartford (CT) and Kansas City (MO) areas. In addition, IS operations for these regions will be consolidated and run out of ISSC's Lexington (KY) data center.

## Marketing and Sales

In marketing its services, ISSC uses an industry-specific marketing approach. ISSC's marketing representatives are usually situated at locations close to their customers, but are aligned by industry, so that the ISSC industry teams, the client executive teams and Advantis are all aligned by industry.

## Alliances

Some of the significant alliances formed by ISSC include:

- In June 1994, ISSC and Blue Cross and Blue Shield of New Jersey signed a joint agreement to develop and market a computer-based healthcare system designed to enable sharing of information electronically.
- In February 1994, ISSC formed a technology partnership with The Los Angeles Times, whereby ISSC will work with CText, Inc. of Ann Arbor, (MI) to design and implement a new classified advertising system for the newspaper.

## Competition

ISSC's competitors in the systems operations area include Electronic Data Systems (EDS), Computer Sciences Corporation (CSC), SHL Systemhouse, CAP GEMINI and Perot Systems.

## INPUT Assessment

A significant portion of IBM's services growth is generated by ISSC, which, remarkably has experienced tremendous growth in recent years. ISSC was able to garner some significant new orders in 1994, bringing the value of its U.S. business signings to more than \$1 billion. Significant contracts include AlliedSignal Aerospace, Bank South, Henry Ford Hospital, North Dakota's Department of Human Services, Northern Telecom and GTE

Mobile and United Airlines,. These contracts are symbolic of an organization that appears to be gaining momentum and market position.

ISSC's major strengths include:

- Access to technology leadership
- High customer satisfaction rate
- Strong set of skills and experience

Challenges for the coming year include:

- Sustaining the high growth the company has experienced over the last few years
- Continue to acquire and develop skilled staff

*Parent Company*

International Business Machines Corporation  
Old Orchard Road  
Armonk, N.Y. 10504  
Phone: (914) 765-1900  
Revenue: \$64,100,000,000 (12/94)



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**IBM INTEGRATED SYSTEMS  
SOLUTIONS CORPORATION**

560 White Plains Road  
Tarrytown, NY 10591  
Phone: (914) 333-3030

Chairman & CEO:	Dennie M. Welsh
President:	Sam Palmisano
Status:	Subsidiary
Parent:	IBM Corporation
Total Employees:	10,274*
Total Revenue:	\$1.84 billion
Noncaptive Revenue:	\$657 million
Fiscal Year End:	12/31/92

\*Includes 3,070 Advantis employees

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**Key Points**

- Integrated Systems Solutions Corporation (ISSC) was formed as a wholly owned subsidiary of IBM to establish IBM market leadership as a world-class supplier of systems operations services to both external and internal customers.
- ISSC is resolved to fan out well beyond conventional outsourcing into custom-tailored alliances across a range of vertical industry niches. In early 1993, ISSC expanded its vertical market focus from 11 to 16 sectors.
- ISSC continues to operate without its own sales staff. ISSC's marketing team meets with customers only after IBM sales staff have first identified prospects while selling other IBM products.
- In January 1993, Dennie M. Welsh was promoted from President to Chairman and CEO. ISSC also named Sam Palmisano, a top executive of IBM's Asia Pacific operations, as ISSC President, possibly indicating a strengthening of ISSC's international role.
- In September 1992, ISSC announced that former Security Pacific Corp. information systems chief John P. Singleton had been appointed as general manager of business development for ISSC.

**Company  
Description**

IBM Integrated Systems Solution Corporation (ISSC), which began operating as a division of IBM in 1991, was established in March 1992 as a separate services subsidiary. ISSC currently provides systems operations, systems integration, consulting, voice and data networking, applications software development and business recovery services to units of IBM and to other clients across a range of industries.

ISSC holds the majority interest in Advantis, the networking services joint venture formed in December 1992 between IBM and Sears, Roebuck and Co., and provides networking support. Advantis' operations will be consolidated in IBM and ISSC's financial statements for 1993.

IBM Corporation, headquartered in ISSC's parent, IBM, headquartered in Armonk (NY), had worldwide revenues of \$64.5 billion for 1992.

**Financials**

ISSC's 1992 revenue reached approximately \$1.84 billion, of which approximately \$1.18 billion was derived from various units of IBM. Net income for the unit reached \$30 million.

Chairman Dennie Welsh has stated that he foresees triple revenue growth and at least \$4 billion in sales for ISSC in 1993.

**Alliances**

ISSC has agreed to jointly sell outsourcing services to the insurance industry with software provider The Continuum Co.

In early 1992, IBM, ISSC, and Policy Management Systems formed Inserv, a venture focused on providing outsourcing services to the life, health, property, and casualty insurance sector. Both ISSC and Policy Management Systems are free to market their respective services independently under this nonexclusive pact.

In August 1992, ISSC entered into a \$32 million, five-year technology development agreement with Blue Cross/Blue Shield of New Jersey.

- Together with Policy Management Systems Corporation, the companies plan to provide extensive electronic links between health care providers, payers, and patients.
- Slated development projects include an extensive Blue Cross and Provider data base; a claims network; image-based electronic claims processing; sales automation; integrated multiparty office and administrative automation; automated enrollment, reporting, and auditing, and on-line user access to enrollment data.



In May 1992, ISSC and Federated Department Stores, Inc. formed a seven-year partnership to provide outsourcing services to the large-scale retail market. ISSC will serve as prime contractor for IBM marketing, ISSC hardware, and retail software applications developed by Federated's information systems unit, The Sabre Group.

**Employees**

During 1992, ISSC's employee count grew from approximately 7,000 to about 10,000 by the end of the year, including 3,000 Advantis employees.

ISSC management anticipates a 20% to 25% growth in personnel during 1993, depending on contract awards.

**Competitors**

ISSC's competitors in the systems operations area include Electronic Data Systems, Computer Sciences Corporation, SHL Systemhouse, CAP GEMINI, and Perot Systems.

**Key Products and Services**

ISSC provides systems and network operations, systems integration, technology consulting, applications development and maintenance, and business recovery services.

ISSC currently participates in a range of vertical industry segments, including finance and securities, health, insurance, process manufacturing, discrete manufacturing, retail distribution, wholesale distribution, state and local government, transportation, media, communications, lodging, and utilities.

*Systems Operations:*

IBM's systems operations agreements are long-term in nature, typically 5 to 10 years.

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ISSC may also work with clients to design a new IS environment, then develop and manage the total implementation. The implementation may include consolidation of multiple data centers, voice, and data networks, standardization of platforms, application convergence, and systems management.

Systems operations services are available from ISSC as follows:

- Remote Systems Operations: ISSC remotely manages the client's current systems from its Boulder (CO) facility.
- Onsite Operations: ISSC assumes on-site operational responsibility, which may involve the consolidation and restructuring of existing facilities.
- Shared Host Environment: The customer's processing requirements are brought into an existing ISSC facility.

Major ISSC facilities are located in Atlanta (GA), Bethesda (MD), Boulder (CO), Chicago (IL), Lexington (KY), Southbury (CT), and Sterling Forest (NY). There are over 15 additional sites where ISSC is operating previously client-owned data centers, and two other sites at which ISSC operates large-system Business Recovery Centers.

ISSC also provides traditional service bureau services where it assumes processing responsibility for a particular application.

*Professional Services:*

ISSC provides management, function, and information technology consulting services generally in the areas of data center and network operations, and linking business strategies to technology.

ISSC also can assume ongoing responsibility for a client's application development process and staff, including the design, programming, and implementation of new applications and for ongoing application program maintenance.

*Systems Integration Services:*

ISSC may act as the prime contractor for an IS project. ISSC's integration services generally are shorter in duration than its systems operations contracts.

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ISSC has large-system Business Recovery Centers in Tampa (FL) and Franklin Lakes (NJ). These two centers have multiple, large-system processors and peripherals, and both IBM and non-IBM networks. The

Franklin Lakes operations will be moved to Sterling Forest (NY) in September 1993.

- A third large-system center, supporting the System/88, is located in Gaithersburg (MD).
- ISSC also offers Remote Customer Sites in Chicago, Los Angeles, Minneapolis, Oakland, Dallas, Seattle, and Atlanta to remotely access the centers in Tampa and Franklin Lakes.

Business recovery services for the midrange environment are currently provided through regional Business Recovery Centers in Atlanta, Detroit, Philadelphia, Los Angeles, Washington D.C., Tampa, Dallas, Chicago, Seattle, and Franklin Lakes. These centers house either IBM System/36, System/38, and/or AS/400 systems.

Business recovery services are priced on a subscription-fee base. Subscriptions are available for 1-, 3-, or 5-year terms.

## Contracts

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In March 1993, ISSC signed a five-year, \$80 million outsourcing contract with Hertz Co. whereby ISSC will take over IBM-based operations, business recovery services, and a majority of application development for Hertz.

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In January 1993, ISSC announced a 10-year, \$70 million data center management and technology development contract with Kaiser Permanente, the nation's largest health maintenance organization.

- ISSC will support Kaiser's expansion regions in Georgia, North Carolina, Texas, and the Hartford (CT) and Kansas City (MO) areas.

- IS operations for these regions will be consolidated and run out of ISSC's Lexington (KY) data center.

In January 1993, ISSC was awarded a 10-year contract with Qualex, Inc. of Durham (NC). Qualex, which is 49% owned by Eastman Kodak, is in the film processing business.

In January 1993, ISSC signed a 10-year agreement with Norrell Corp., an Atlanta-based health care and administrative services provider. ISSC will handle data processing, data center management, applications development, help desk, print operations, and business recovery services.

In January 1993, ISSC announced a 10-year contract with retail chain owner Hook-SupeRx, Inc. ISSC is consolidating Hook's Indianapolis, Cincinnati, and Pawtucket (RI) data centers into ISSC's facility in Lexington (KY).

In December 1992, ISSC signed a 10-year, estimated \$3 billion contract to run McDonnell Douglas Corp.'s information systems.

ISSCO has a 4-year contract with Chase Manhattan Bank to provide up to 4,000 IBM PC/2s, OS/2 2.0 LAN software and Hogan Systems' bank applications as part of a project to develop a common computing environment for Chase's 350 regional retail branches in New York and Maryland.

In August 1992, ISSC was awarded an approximately \$52 million, five-year outsourcing and development contract with Blue Cross/Blue Shield of New Jersey.

In July 1992, ISSC was awarded a long-term contract to run hardware and data center operations for United Retail Group, Inc. of Rochelle Park (NJ).

- Under the agreement, ISSC will also maintain a store-to-host data network and oversee in-store automation.
- United Retail Group, which operates several nationwide chains of large-size women's apparel, will continue to do its own development.

In May 1992, ISSC was awarded its first outsourcing contract in the health care field. The five-year, \$20 million contract calls for ISSC to take over data center operations, network operations, and disaster recovery for five hospitals with a shared data center.

- Health Dimensions, Inc. of San Jose (CA) manages four of the hospitals involved in the contract. The fifth is El Camino Hospital in Mountain View (CA).
- The hospitals will retain control over maintaining and developing their applications.

In February 1992, ISSC was awarded a six-year, \$80 million contract with the California Department of Social Services. ISSC is developing and will run a computer system to monitor social services cases.

In January 1992, ISSC was awarded a ten-year contract with United Technologies Corp. to take over data center processing operations at United Technologies' Newington (CT) data center.

In late 1991, ISSC was awarded a ten-year, \$600 million contract with Chicago-based Continental Bank Corp. ISSC has assumed computer and networking responsibilities and is overseeing applications development.

In September 1991, ISSC was awarded a ten-year systems operations contract by Brentwood (TN)-based Comdata Holdings Corporation, a leading provider of information services to the trucking industry. Under the agreement, valued at approximately \$120 million, ISSC operates and manages substantially all data processing functions involved in Comdata's operations.

Also in September 1991, under a long-term agreement, Kansas City (MO)-based bank holding company Commerce Bancshares, Inc. signed over its mainframe-based information systems operations to ISSC, including general IS, business recovery, and data network systems.

In August 1991, ISSC was awarded a ten-year, \$150 million contract with Woodbridge (NJ)-based grocery store chain Supermarkets General Corp. ISSC is providing Supermarkets General with processing services through an ISSC data center in Dayton (NJ); applications development for business, purchasing, warehousing, and in-store applications; revamping point-of-sale and scanning technologies; and electronic data interchange links with suppliers. About 150 Supermarkets General employees became ISSC employees.

In August 1991, ISSC was awarded a ten-year contract with Dallas-based drug store chain Cullum Co. whereby Cullum's processing has been transferred to ISSC's data center in Lexington (KY). ISSC is providing operations, disaster recovery, and order-entry support.

Also in August 1991, ISSC won a five-year contract with San Francisco-based shipping firm Matson Navigation Co. Matson's processing has

been transferred to ISSC's data center in Boulder (CO) and ISSC is providing operations, network support, and disaster recovery.

In June 1991, ISSC won a ten-year, \$286 million contract with Irving (TX)-based retail jeweler Zale Corp. Under the agreement, ISSC is managing all information processing for Zale and is administering disaster recovery operations, and providing end-user support, including help-desk assistance.

Other contracts managed by ISSC that were entered into by IBM prior to the formation of ISSC include the following:

- IBM has had a 10-year systems operations contract with Eastman Kodak since July 1989. The contract, valued at \$600 million, is subject to revenue after four years (1993).
- IBM has had a ten-year outsourcing contract with Bank South Corporation since October 1989. In late 1992, the contract was restructured due to Bank South's increased processing needs, distributed processing requirements, poor projections on cost-of-living increases, and declining assets.
- IBM has had a ten-year outsourcing contract with Hibernia National Bank of New Orleans since February 1989. During 1992, Hibernia National Bank restructured its contract to give IBM additional responsibility for software applications.

### **Industry Markets**

ISSC currently participates in 16 vertical industry segments, including finance, insurance/health, process manufacturing, discrete manufacturing, retail distribution, wholesale distribution, media, communications, lodging, state and local government, transportation, and utilities.

It is estimated that ISSC currently has over 2,000 external (non-IBM) clients.

### **Geographic Markets**

It is estimated that virtually all of ISSC's revenue is derived from the U.S.

Currently, ISSC is allowed to manage U.S. companies' data centers located in other countries, but can only handle U.S.-based data centers for overseas companies. IBM is forming ventures in Europe similar to ISSC to provide services outside the U.S.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

September 1996

## iCat Corporation

**President & CEO:** Craig Danuloff  
**Vice Chairman:** C. Rowland Hanson  
 1420 Fifth Ave., Suite 1800  
 Seattle, WA 98101-2333  
**Phone:** (206) 623-0977  
**Fax:** (206) 623-0477  
**Internet:** <http://www.icat.com>

**Status:** Private  
**Employees:** 70+ (9/96)  
**Revenue:** \$1,000,000\*  
**Fiscal Year End:** 9/30/96

\* INPUT estimate

### Company Description

iCat Corporation, founded in 1993, develops and produces electronic commerce solutions that allow companies to create Internet and CD ROM catalogs.

The *iCat Electronic Commerce Suite* enables merchants to create interactive catalogs, deliver them on the Internet and CD ROM, and accept secure electronic transactions from shoppers.

### Organization and Structure

iCat is headquartered in Seattle (WA).

Key executives are listed in the exhibit below.

#### iCat Corporation Key Executives

Name	Title
Craig Danuloff	President and CEO
C. Rowland Hanson	Vice Chairman
Jamie Miller	CFO and VP Operations
David C. Jones	VP Marketing
Bo Wandell	VP Sales
Brian Welter	VP Engineering



## Company Strategy

iCat's aim is to lower the cost associated with getting started in electronic commerce, and also to reduce the time and expense required.

## Financials

INPUT estimates that iCat Corporation generated \$1 million in 1996.

## Market Financials

iCat's products are aimed at all companies that want to develop an electronic commerce presence on the Internet or distribute an electronic catalog via CD ROM.

## Geographic Markets

Approximately 95% of iCat's 1995 revenue came from the U.S. market, and the remaining 5% came from international markets, specifically Japan.

## Employees

iCat currently has over 70 employees.

## Key Products and Services

### *The iCat Electronic Commerce Suite*

The iCat Electronic Commerce Suite features a trio of products that make it possible to showcase products and sell them via the Internet or CD ROM.

These three components work together or separately and offer numerous features, including a database that can accommodate millions of products, a customizable assortment of catalog templates, and transaction processing capabilities that include secure credit card processing and custom product searches.

The iCat Electronic Commerce Suite provides secure transaction capabilities to any Internet server via iCat agreements with Checkfree, Open Market, and First Virtual, or through

standard security software such as SSL and HTTPS.

The iCat Electronic Commerce Suite is available for Windows 95, Macintosh, Windows NT, Sun, Digital, and multiple UNIX Silicon Graphics platforms.

The three components provided in the Suite are as follows:

- *iCat Commerce Publisher* is a software program for creating and delivering interactive catalogs. It allows users to collect and organize content, design screen layouts, and publish catalogs on the Web or a CD ROM. iCat Commerce Publisher can accommodate unlimited product information, catalogs can be updated quickly using the product's relational database, and users can develop custom templates or use one of over 250 predefined templates to create catalogs.
- *iCat Commerce Exchange* adds transaction processing capabilities to any Internet server. It can be used to accept, process, and track electronic orders and shopper registrations from Internet or CD ROM catalogs. Shoppers can register on-line, add products to a personal shopping list, search for specific products, and place orders with shipping and secure payment information.
- *iCat Commerce Player* allows catalogs to be distributed on Macintosh and Windows CD ROM. It includes search features and electronic ordering capabilities.

The iCat Electronic Commerce Suite is available at an introductory price of \$1,495. iCat Commerce Publisher is also available, separately, for \$749. A license allowing two users to work on a catalog simultaneously and three transactions to be processed at a time is priced at \$9,795.



## Clients

A sample of clients that have used iCat's electronic software includes Dean and DeLuca, Office Depot, the World Wrestling Federation, Edutainment, GolfWeb, Blossom Flowers, Petals, and the Catalog Site.

## Marketing and Sales

iCat has an integrated marketing program that includes print advertising, on-line advertising, direct mail, trade shows, public relations, Web-based direct marketing, iCat seminars, and training programs.

## Alliances

iCat has developed joint marketing and technology development agreements with strategic partners to add value to its software.

iCat has technology alliances with Checkfree, NETCOM, Open Market, and First Virtual.

iCat has also developed a number of partnership programs, including the following:

- The *iCat Commerce Partners (iCPs)* program is a nationwide network of companies who use the iCat Electronic Commerce Suite to develop and deliver interactive catalogs. They include interactive developers, traditional printers, prepress houses, and multimedia developers, all of whom receive software and production training as well as sales support from iCat. ICPs include CompuDoc, Com Vista, Computer Network Specialists, and Characters.
- *iCat Internet Service Providers (i2SPs)* are Internet Service Providers that are offering hosting services for iCat Commerce Partners and iCat direct customers. Program participants include NETCOM, IMV Internet, Data Pub, and e.media.

## Assessment

iCat feels that its strengths include the following:

- An early position in the rapidly growing electronic commerce market
- The low-priced solution provided by the iCat Electronic Commerce Suite
- A complete and integrated solution, including everything from the relational database to the secure transaction processing
- Rapid development for users to quickly create an interactive catalog



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

March 1998

## ICL PLC

ICL House  
1 High Street  
Putney  
London SW15 1SW  
United Kingdom  
Phone: +44(0)181 788 7272  
Fax: +44(0)181 785 3936

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Chairman (non-executive):	Michio Naruto
Chief Executive:	Keith Todd
Status:	Majority stake owned by Fujitsu
Employees:	19,000
Revenue (FYE 31.12.97):	(US)\$3,963,000,000*

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\* Preliminary results

### Key Points

- ICL is an IT systems and services vendor with a strong customer base in the UK, particularly in the public sector.
- ICL returned to profitability in 1997 after posting losses the prior two years.
- ICL is reporting 25% growth in revenue over 1996 in its managed services businesses.
- ICL is focusing on expanding business in Europe and selected international markets, such as US and Asia.

### Company Description

ICL was formed in 1968 by the merger of the UK's leading computer suppliers, English Electric Computers (EEC) and International Computers and Tabulators (ICT).

In 1981, ICL entered into a 10-year technology agreement with Fujitsu, which strengthened ICL technologically. Three years later, ICL was acquired by Standard Telephone & Cable (STC) to form the UK's second largest industrial electronics company. However, by the end of the 1980s, it became clear that the computer industry was non-core to STC's business and a new owner was sought for ICL.

In 1990, Fujitsu bought 80% of its alliance partner ICL. The stake has since increased to 90.1% with the balance owned by Northern Telecom of Canada. ICL was very dependent on its domestic market and eager to expand its penetration of the European market outside the UK. In 1991, ICL acquired the Finnish company Nokia Data - an acquisition which apart from increasing the geographical coverage, also strengthened ICL's PC and LAN product offerings.

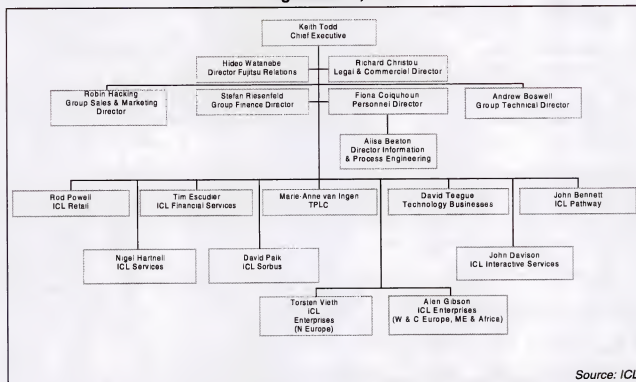
Since the early 1990s, ICL has been moving its business focus away from traditional systems vendor activities and towards services. Today, ICL under the leadership of Keith Todd, who took over as CEO in January 1996, focuses strongly on systems integration and IT services. Part of this process has led to the spin-off of some of its technically oriented businesses, such as Workplace Technologies, D2D, and the volume products business. ICL still retains its High Performance Systems business with its complex systems skills, increasingly applied in a services context.

### Operations and Structure

The restructuring process that ICL has undergone has simplified the organization which only a few years ago had 26 divisions. Exhibit 1 provides an overview of ICL's organization as of January 1998.

Exhibit 1

## ICL Organisation, 1998



ICL's IT services activities are located in the ICL Services, ICL Sorbus and ICL Enterprises businesses.

ICL Enterprises, split geographically, is responsible for large-scale systems integration projects, principally in central and local government, the travel and transport sectors, and utilities. The Enterprise businesses specialize in consultancy, project management, sales, systems design, implementation and support.

The Enterprise business also covers the Enterprise Technology business unit which specializes in developing and implementing solutions using emerging technologies, such as Internet and interactive multimedia.

ICL Services comprises three main businesses:

- ICL Outsourcing, includes ICL CFM which is one of the UK's largest outsourcing companies. Its responsibilities further include the Distributed Systems and Managed Services divisions. ICL Outsourcing is expanding in international markets
- ICL Network Services is responsible for all network-based services, including Internet-related activities

- ICL Education & Consultancy includes units, such as Enterprise Consultants, AMP Systems Ltd, Enterprise Systems, and ICL Peritas - one of Europe's largest consultancy and training organisations.
- ICL Sorbus focuses on hardware and software maintenance and associated support services across Europe.

ICL has announced the formation of a Services Strategy Board which underlines the importance of the services business to ICL's growth strategy. The members of the board are yet to be announced.

### Company Strategy

For the past decade, ICL has formed its business strategy around a strategic framework, designed to put the company on a growth path towards flotation. The major elements of the framework are:

- Increasing share of the services market
- Expansion in Europe
- Maintaining presence in specific international markets
- Strengthening presence in specific industry markets
- Supplying quality products based on open systems
- Thinking globally, acting locally.

The detailed strategies have varied over the years depending on industry trends and the company's situation. Following the negative financial results in 1995 (see "Financial Information" section), ICL's new CEO announced a five-point strategic plan to take the company forward. Since Fujitsu bought a majority stake in ICL, flotation of the company on the London Stock Exchange has been planned. ICL hopes to achieve this before the millennium.

The five-point strategy is as follows:

- ICL will focus its business on retail and financial services sectors; complex systems integration projects worldwide for both public and private sectors; multi-vendor services and outsourcing across Europe; and multi-vendor distribution - initially in the UK
- ICL will use its global partnership with Fujitsu and its TeamWARE offering to expand its business in the US and Asia
- A Strategic focus on ICL's interactive services business that will develop solutions for customers in the media industries

- ICL will exit the volume products market by de-merging this business into an independent company led by Fujitsu
- ICL will Spin-off D2D, the electronics contract manufacturing business.

Most of these strategies have already been implemented. In January 1997, it was announced that ICL had sold its D2D business to Onex Corp. In July 1996 as planned, the volume products business was spun off into a joint venture company with Fujitsu, where ICL retains less than 20% of the ownership.

ICL has also formed a dedicated interactive services business (see Exhibit 1) and is pushing TeamWARE through a joint venture formed with Fujitsu in March 1996.

### Financial Information

In 1996, ICL had revenues of \$4.6 billion, a decrease of 7% over the year before. However, this can largely be explained by the effect of selling D2D and spinning off volume products, which together accounted for around \$840 million in revenues in 1995.

As shown in Exhibit 2, the loss of \$30.7 million during 1996 signals a turn around in ICL's recent fortunes. Taking out losses from the divested companies ICL showed an operating profit of \$61.6 million.

#### Exhibit 2

**ICL Five-Year Financial Summary  
1992 to 1996, \$ Millions**

Year	1996	1995	1994	1993	1992
Revenue	4,665	4,982	4,248	4,227	3,946
Annual Growth	-6.8%	17.3%	1.2%	5.9%	32.1%
Profit after Tax	(30.7)	(308.4)	25.4	8.6	45.1
% of Revenue	n/a	n/a	0.6%	0.2%	1.1%
Average Staff Number	19,000	23,795	23,432	25,157	26,617
Revenue per Employee (\$000)	245	209	181	168	148

Source: ICL

Exhibit 3

**ICL Three-Year Analysis of Revenues by Region,  
1993 to 1996 (\$ millions)**

Region	1996 Revenue (\$)	Share	1995 Revenue (\$)	Share	1994 Revenue (\$)	Share
Europe	4,011	86%	4,454	89%	3,682	87%
North America	373	8%	298	6%	333	8%
Africa, South & West Asia	187	4%	176	4%	165	4%
Asia Pacific	93	2%	56	1%	69	2%
Total Revenues	4,664	100%	4,984	100%	4,249	100%

*Source: ICL***Geographic Markets**

Exhibit 3 illustrates the development in ICL's revenues by region from 1994 to 1996. During 1996, ICL has turned around the decline in its North American operation, whilst continuing to grow strongly in its African, Asian and Pacific regions. The decline in European revenues is mostly due to the divestiture of D2D and other non-core businesses.

According to ICL, the company is expanding its activities in Europe (outside the UK) and other selected markets, thereby becoming less dependent on its domestic market. ICL claims that less than 50% of its total revenues is generated in the UK. However, with some services offerings being predominantly available only in the UK, INPUT believes that ICL's software and services revenues are still skewed towards the UK market.

Exhibit 4 contains INPUT's estimates of ICL's European software and services revenues in 1996 by country.



Exhibit 4

**ICL's Estimated European Revenues by  
Country, 1996 (\$ millions)**

Country	Revenue in \$ millions	Share
UK	1,410	63%
Finland	210	9%
Germany	115	5%
Sweden	105	5%
Denmark	70	3%
Eastern Europe	50	2%
Rest of Europe	440	20%
Total Software & Services	\$2,400	100%

*Source: INPUT Estimates*

### Market Analysis

Exhibit 5 shows ICL's European software and services revenues analyzed by INPUT delivery modes.

Exhibit 5

**ICL's Estimated European Revenues by Delivery  
Mode, 1996 (\$ millions)**

Delivery Mode	Revenue in \$ millions	Share
Professional Services	500	21%
Systems Integration	320	13%
Outsourcing	265	11%
Equipment Maintenance	570	24%
Software	240	10%
Other	505	21%
Total Software & Services	\$2,400	100%

*Source: INPUT Estimates*

### Key Products and Services

ICL's background as a traditional IT vendor means that the company still largely provides wall-to-wall offerings, although the company in recent years has focused on

developing its systems and services image. ICL now has a staff of 1,500 consultants worldwide. The following section covers ICL's services offerings, as well as selected software products.

ICL offers outsourcing in the UK through its ICL CFM operations. The portfolio of services includes:

- Hardware and legacy operations - ICL's traditional facilities management services
- Desktop outsourcing services - include asset management, LAN management and help desk support
- Network management services - comprises ICL's global network and a range of LAN and WAN management services
- Integrated remote service management
- Open transitional services - an offering that is somewhere between legacy system facilities management and systems integration
- Software and application services - application design, implementation, and management services
- Desktop managed services - providing managed service for PC and Unix environments
- Managed operations - include payroll, personnel services and benefit administration services.

ICL's professional services offerings, offered through ICL Enterprises, comprise:

- Project management for large and complex systems integration projects
- Consultancy - specialising in IT consultancy from concept design through development to implementation
- Internet-based solutions - development and management of Web sites and Web-based applications
- Networking - includes network design, integration of network management services, and design and provision of value added services to run over the network
- PC application development - including investigation of requirements and recommendation of integrated solutions.

ICL's multi-vendor services include:

- Help Desks - a complete range of services from design to day-to-day operations

- Software support - where ICL has a strong relationship with Microsoft. ICL has developed extensive expertise in Microsoft Windows NT and in December 1996 established a Centre of Excellence for these activities
- Operational consultancy & networking - providing vendor-independent project management, consultancy and systems integration for SCO, Hewlett Packard, IBM (including Lotus), and Novell among others.

ICL's bid for the groupware market is called TeamWARE. TeamWARE comprises integrated groupware applications, personal desktop tools, and messaging and connectivity products. ICL and Fujitsu have formed a global TeamWARE organisation that will focus on developing, marketing and selling groupware products with one global strategy.

ICL Interactive was formed during 1996 to lead ICL's on-line business development for customers in the media industries, and to build new partnerships for the development of interactive learning services. ICL Interactive specialises in the management of complex electronic content. It engineers and operates commercial services across the Internet on behalf of its customers and partners; foremost among these is its alliance with BBC Worldwide for the BBC on-line service.

### **Acquisitions and Alliances**

Due to its constrained financial status and shift in strategic focus, ICL has made few acquisitions in recent years.

In January 1996, ICL acquired the ProScan II product from Xerox Corporation. ProScan II is an automated mapping system, aimed at the utilities market, with a customer base including more than 20 of the major US and UK utility companies.

ICL has been more strongly involved in forming alliances and joint ventures. The major joint ventures have been formed with Fujitsu, such as the aforementioned TeamWARE and volume products businesses.

Microsoft is also a strong alliance partner for ICL. In 1994, ICL was appointed as Microsoft's first pan-European supplier of services such as systems integration, help desk and training. This relationship was expanded in 1996 and ICL is now a Microsoft Windows NT Centre of excellence as well as being a Microsoft Authorised Support Centre.

Partnerships include those with Lotus, Microsoft, BMC, Novell, and Computer Associates.

### **Recent Projects & Major Clients**

ICL won a number of contracts in 1997 which exemplify the shift in ICL's business portfolio towards systems and services. Highlights include:

## INPUT Vendor Profile

- A 250 million dollar outsourcing contract with BG Transco to manage and operate its telecommunications network
- A Europe-wide help-desk services contract for Apple Computers
- A contract to automate 92 branches of the Bank of Alexandria, Egypt
- A 48 million dollar services contract from Cap Gemini including data center realization, maintenance services and desktop supply services.
- A 35 million dollar contract to provide a financial management system for Hungarian Railways

ICL's client list now counts a large number of international - and high-profiled - customers as illustrated in Exhibit 6.

Exhibit 6

### ICL Representative Client List

Vertical Market	Clients
Banking & Finance	Bank of Alexandria, Egypt Chase Manhattan, US VISA, UK
Telecommunications	British Telecom Mercury Communications, UK Swedish Telecom
Energy & Utilities	British Gas, UK Shell, Sweden Texaco
Transport	Hungarian Railways London Underground, UK Swissair, Switzerland
Manufacturing	Kimitsu Works, Japan Zeneca, UK
Retail	Auchan, France Daells Varehus, Denmark T J Maxx, US

Source: INPUT

## **INPUT Assessment**

During the past few years, ICL's management has taken the company through a series of reorganisations. Each new action has been aimed at simplifying the organisation and supporting the company's transformation from a hardware company to a systems and services company.

During 1996, ICL finally divested its contract manufacturing and volume products businesses. This made ICL a much more focused organisation in 1997.

ICL has moved into some less familiar businesses in the past couple of years, such as multimedia, and Internet and Intranet services. In particular, ICL is delivering services from home shopping to home banking, and from interactive kiosks to information-based services with "edutainment" focus. These could prove to be strong additions for ICL and provide a springboard for expanding outside the UK. These are after all new technologies for most vendors, and the markets are to some extent free for all.

One of the keys to success in these new markets is to land strong initial reference projects. ICL has achieved this with the BBC Worldwide alliance and an appointment to develop an interactive Internet business trade directory after winning a UK Department of Trade & Industry competition.

In many of the markets ICL now considers top priority, the company will be meeting head on with competitors from more aggressive cultures, such as Andersen Consulting, EDS and Computer Sciences. Traditionally, ICL has to some extent had a cushioned life in its traditional UK markets. However, ICL is now proving that it can be successful against aggressive competitors. In 1996, ICL - in collaboration with partners such as De La Rue, Girobank, Oracle and BT - won projects with the Benefits Agency and Post Office Counters, worth over \$1.5 billion over 10 years. The companies under the name Pathway beat competitors such as Andersen Consulting and IBM.

ICL looks like a more focused organisation than it has done for the past five years and also has some strong offerings to support its strategies. Fujitsu is eager to float the company and Keith Todd has a target to make ICL ready for this before the end of this century.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

December 1996

## ILLUMINET

**President & CEO:** Roger H. Moore  
4501 Intelco Loop SE  
P.O. Box 2909  
Olympia, WA 98507  
**Phone:** (360) 493-6000  
**Fax:** (360) 493-6253

Status:	Private
Parent:	USTN Holdings, Inc.
Employees:	200
Revenue, 9 mos. ending 9/30/96:	\$27,800,000 *
Fiscal Year End:	12/31/96

\* Pro forma

### Key Points

- In February 1996, the ILLUMINET organization was formed with completion of the merger of US Intelco Networks and Independent Telecommunications Network.
- The company brought the former US Intelco subsidiary, US Intelco Wireless Communications, Inc., into the new ILLUMINET structure. ILLUMINET continues to offer services that assist companies entering the personal communications services (PCS) market.

- ILLUMINET continues to enhance its product mix, which now includes a wide range of SS7 network and applications services. New capabilities in 1996 include a suite of seamless roaming management services for wireless data management and fraud control, numerous discount equipment purchasing arrangements for small and mid-sized companies, and new billing-and-collection agreements for local and interexchange carriers.

### Company Description

ILLUMINET delivers SS7 network, database, and billing services to more than 1,000 local, interexchange, and wireless communications providers throughout North America. The company's primary focus is SS7 network-based applications; it does not offer telecommunications directly to consumers,



and therefore does not compete against its customers for consumer business.

### **Organization and Structure**

ILLUMINET is the only subsidiary of its parent company, USTN Holdings, Inc. ILLUMINET maintains offices in Olympia (WA) and Overland Park (KS), and staff at STP sites in Mattoon (IL), Rock Hill (SC), Olympia, (WA), and Las Vegas (NV).

### **Company Strategy**

ILLUMINET specializes in helping telecommunications companies deliver superior service to their customers. The company continually expands and enhances its services to give customers one-stop shopping convenience and access to the latest technology. Its customer service approach is based on technical expertise and the ability to work one on one with customers to ensure that product packages meet their specific objectives.

### **Financials**

Revenue for the consolidated company for the nine months ending September 30, 1996, was approximately \$27.8 million.

### **Market Financials**

Virtually all of ILLUMINET's revenue is currently derived from the telecommunications industry. The company targets products and services to local exchange carriers, competitive exchange carriers, interexchange carriers, and wireless providers.

### **Geographic Markets**

One hundred percent of ILLUMINET's current revenue is derived from the U.S.

### **Employees**

As of December 15, 1996, ILLUMINET had approximately 200 employees.

### **Key Products and Services**

ILLUMINET's key products and services include the following:

- Connectivity to ILLUMINET's SS7 network, which is the largest independently owned SS7 network in the U.S. and is endorsed by CTIA for nationwide seamless roaming. Wireline and wireless providers may connect to ILLUMINET's SS7 network via A-links, B-link quads, X.25, and DMX.
- ILLUMINET's SS7 network supports ISUP Trunk Signaling, TCAP CLASS Messaging, IS-41 Transport for seamless roaming, and access to all Line Information Databases (LIDBs) and wireless databases.
- Seamless roaming applications that help wireless providers minimize fraud and simplify roaming data management
- Database services for industry-leading fraud control and data management, including the company's Line Information Database, Calling Name Database, Calling Card Services, and 800 Database service
- Toll Clearinghouse programs through which local and interexchange carriers can consolidate long-distance charges on local bills
- Patented SS7 usage measurement/billing applications for SS7 network providers
- Procurement services for small and mid-sized companies, enabling them to purchase necessary network equipment, accessories, and enhanced service platforms at volume discounts

### **Clients**

The company has clients in 47 states. Customers include local exchange carriers,



regional and interexchange carriers, and wireless communications companies.

### **Alliances**

ILLUMINET and Hewlett-Packard jointly market ILLUMINET's SS7 usage measurement applications and HP's acceSS7 network surveillance platform.

ILLUMINET works with Authentix, Inc. in provisioning wireless prevalidation services, and Toll-Free Cellular for free 800-number wireless calling.

For its procurement services, the company maintains equipment and service purchasing arrangements with leading vendors such as Lucent Technologies, Nortel, Motorola, Direct Power Plus, Columbia Spectrum Management, Centigram, Comsearch, and Comverse.

### **Marketing and Sales**

The company pursues sales through direct marketing via regionally based account

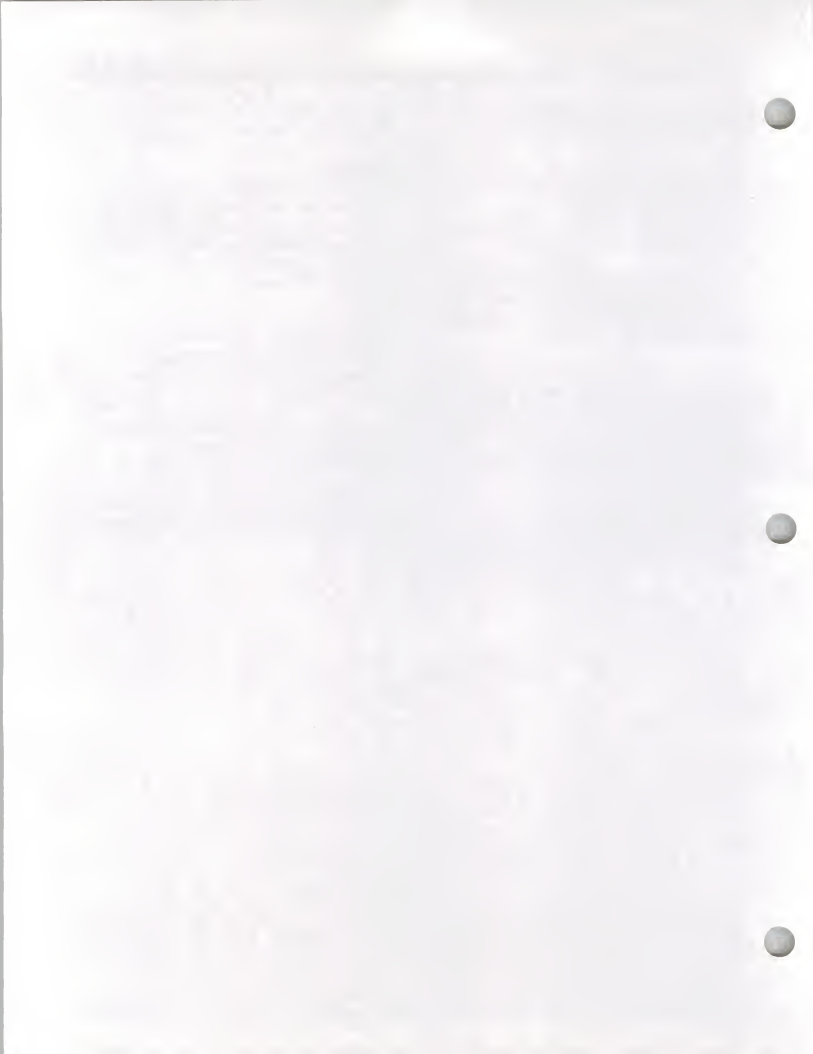
managers. The company has sales and marketing representatives across the U.S.

### **Assessment**

As a result of its merger, ILLUMINET can bundle a much more significant range of SS7 services for one-stop shopping convenience. The company anticipates shorter development cycles for new features and applications, and even more focus on working one on one with customers.

ILLUMINET feels that it offers a critical strategic advantage in that it does not compete with its customers for consumer market share.

The company's main challenge in the coming year is to take full advantage of telecommunications reform to develop new technologies, extend core products into growing markets, and support its customers in pursuing expanded business opportunities.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

October 1996

## IMI Systems Inc.

**President:** Robert Forman  
290 Broad Hollow Road  
3rd Floor  
Melville, NY 11747  
**Phone:** (516) 425-7700  
**Fax:** (516) 425-7738  
**Internet:** <http://www.imisys.com>

Status:	Subsidiary
Parent:	Olsten Corporation
Employees:	2,200 (10/96)
Revenue:	\$100,000,000*
Fiscal Year End:	12/31/95

\* Company estimate

### Key Points

- IMI Systems Inc. (IMI) is an international software development and information technology consulting company.
- In September 1996, IMI acquired Harvey Consultants Limited, a U.K.-based consulting and staffing firm.
- During 1996 IMI acquired the information technology division of Systems Partners, an engineering staffing firm.

- In March 1996, IMI purchased the assets of ARMS Inc., a Haddonfield (NJ)-based software consulting services provider.
- On August 2, 1995, IMI became a wholly owned subsidiary of Olsten Corporation, a provider of staffing and home health care services.

### Company Description

IMI, headquartered in New York (NY), is a wholly owned subsidiary of Melville (NY)-based Olsten Corporation, a \$2.5 billion provider of staffing and home health care services. IMI is a part of Olsten's Staffing Services business.

Founded in 1979, IMI began in the billing area by specializing in designing and

developing, then eventually in deploying, computerized billing systems.

Currently, the ISO 9002-certified company provides information systems management consulting, insourcing/outourcing of legacy mainframe application systems, project implementation services, and staff supplementation to Fortune 100 companies in the manufacturing, banking, brokerage, insurance, computer, and telecommunications industries.

On August 2, 1995, Olsten Corporation purchased IMI in a pooling-of-interests transaction valued at \$32.5 million.

### **Organization and Structure**

IMI's organizational structure is designed to serve its large corporate customers through a branch organization, with 25 offices across the U.S. and in the U.K.

IMI has a network of offices located throughout North America and Canada in Irvine and Walnut Creek (CA), Denver (CO), Wilmington (DE), Tampa (FL), Norcross (GA), Lombard (IL), Boston (MA), Parsippany and Haddonfield (NJ), Hopewell Junction (NY), Raleigh (NC), Philadelphia (PA), Austin and Dallas (TX), Richmond, Virginia Beach, and Vienna (VA), and Markham, Ontario (Canada).

The company also provides services internationally through its subsidiary, Integrated Computer Technology (ICT). ICT is headquartered in Hertfordshire (U.K.) and has offices in Ireland, Belgium, and the Netherlands.

IMI is organized into the following eight practices:

- Helpdesk
- Testing
- Year 2000
- Data Warehousing
- SAP Implementation
- Managed Accounts
- Imaging Workflow
- Telecommunication Billing Systems

The company is further divided by five geographic regions:

- Northeast
- South
- Mid-America
- West
- U.K.

Each region is headed by a regional Vice President.

### **Company Strategy**

IMI's strategy for the 1990s has five components:

- Provide world-class quality of services at a very competitive price
- Provide transitional outsourcing of applications through the use of CASE tools and maintenance methodologies in order to allow clients to focus on development of new systems and reduce maintenance costs
- Migrate applications from the old mainframe environment to the new open systems and client/server environments
- Design and develop new applications in both mainframe and open systems environments

- Design and develop global systems to accommodate multinational and multicurrency issues

During 1996 and over the next few years, IMI plans to expand its North American operations, adding offices so as to have one in every major U.S. city.

### Financials

IMI estimates its calendar 1995 revenue was \$100 million.

Prior to being acquired by Olsten, IMI operated on a fiscal year end date of January 31. IMI reported revenue of \$47 million for the fiscal year ending January 31, 1995, prior to the acquisitions of Harvey Consultants, ARMS, and Systems Partners.

It is estimated that IMI's calendar 1996 revenue will approach \$200 million due to business growth and recent acquisitions.

#### *Revenue Analysis by Product/Service*

IMI's services revenue is currently derived approximately as follows:

Staff supplementation.....	45%
Project management .....	35%
Insourcing/Outsourcing.....	15%
Management consulting.....	5%
	100%

### Market Financials

IMI serves a large number of Fortune 100 companies, as well as banks and utilities. Historically, more than 50% of IMI's assignments have been in the telecommunications industry.

In fiscal 1996, the company's year-to-date revenue has been derived from the following industries approximately as follows:

Telecommunications .....	53%
Manufacturing and distribution.....	27%
Banking/finance and insurance .....	20%
	100%

### Geographic Markets

Historically, the majority of IMI's revenue has been derived from the U.S., with the greatest portion coming from the Northeast region.

### Acquisitions

In September 1996, IMI acquired Harvey Consultants Limited, a U.K.-based consulting and staffing firm with annual revenue of \$22 million. The terms of the acquisition were not disclosed.

During 1996, IMI acquired the Orinda (CA)-based information technology division of Systems Partners, Inc., for approximately \$13 million in cash.

- Systems Partners is a Minneapolis (MN)-based engineering staffing firm.
- The IT division of Systems Partners provides client/server specialists.

In May 1996, IMI purchased the assets of ARMS Inc. of Haddonfield (NJ), a provider of software programming and computerization consulting services, for \$14.5 million.

- ARMS' systems integration division was not included in the purchase.
- ARMS had an estimated \$38 million in revenue for 1995.

### Employees

As of October 1, 1996, IMI had approximately 2,200 employees, compared to approximately 800 employees in 1995.

## Key Products and Services

IMI provides a range of IT consulting, project management, and management consulting services, working with clients in the design, development, and maintenance of their information systems. These services are provided on both a project and staff supplementation basis.

### *Project Management*

IMI's project management services include a three-phase process:

- The creation of the project—Including the use of the LBMS Process Engineer as IMI's primary planning and support tool
  - The LBMS Process Engineer model creates, stores, and maintains project information in templates that set the basic requirements, procedures, and schedules for a given project type.
  - The LBMS Process Engineer includes built-in metrics to estimate project cost and duration and project-level risk.
  - The Hyperguide provides on-line documentation for each template as well as keeping track of techniques, tools, metrics, roles, and deliverables associated with a project.
  - Through IMI's network implementation of Process Engineer, Hyperguide is available through dial-up to any IMI project manager.
  - The Process Manager is a tool used by IMI to create or modify templates based on feedback from project managers.
- Project scheduling and control—The downloaded project is scheduled through the use of any standard scheduler product, such as Microsoft Project, TimeLine, or PMW.
- Review of project results by IMI corporate project support team members—Project results are sent to IMI for any needed modification of the base templates or metrics.

IMI provides project management services for various project types, including:

- Client/server
- Network and groupware
- Legacy and maintenance
- EDI and Internet
- Mobile computing
- SAP implementation
- On-line application processing
- Decision support
- Data warehousing

### *Year 2000 Conversion*

IMI offers Year 2000 conversion services, working in conjunction with the client's MIS department to provide an economical assessment of options. IMI approaches these projects as an extension of the company's expertise in large-scale data conversion and legacy system upgrading.

IMI's Year 2000 assessment methodology includes three phases:

- Interview and survey of the system to identify system exposure
  - Determination of "first hits," the most imminent effects
  - Isolation of critical hits, those affecting revenue
  - Assessment and resolution of damage to data

- Use of source-code sampling, where applicable, to initiate a pilot program
- Evaluation and recommendation of possible approaches, including:
  - Toolset selection
  - Change control management
  - Data repair and/or conversion
  - Version upgrades for purchased software and languages
  - Program conversion to Year-2000 compliance
  - Testing

#### *Risk Management*

IMI offers risk management services using its risk assessment methodology, implementing major systems on time, on budget, and to user expectations.

The company provides risk assessment studies using a team of experts in risk-analysis methodology based on the functional decomposition of a project and its life cycle.

IMI's risk assessment studies are comprised of four components:

- Risk identification
  - Development of appropriate project components
  - Decomposition of items within components
  - Development of checklists and decision driver analysis
  - Assumption analysis
- Risk analysis
  - Project plan components
  - Staffing plan
  - Cost and scheduling
  - Network and facilities
  - Decision points
  - Quality factors
- Risk prioritization
  - Risk exposure
  - Risk leveraging
  - Risk reduction possibilities
- Comments and recommendations

Each study includes a report that addresses the project plan phases. Risks are aggregated into appropriate components, such as development, implementation, post-implementation, cost scheduling, and conversion.

- The report's risk-analysis section identifies and addresses factors within each component, describing, rating, ranking, and identifying possible solutions.
- A cross-referencing between components identifies the factors presenting the highest exposure to risk.
- Greater analysis and attention are given to the highest-rated risks.

#### *Client/Server Testing*

IMI offers an automated testing methodology, a controlled testing environment, and a regression suite to address the requirements of client/server development.

IMI's client/server testing methodology includes five phases:

- Analysis of project specifications to determine quality requirements at the onset of the project



- Identification of the total life cycle of the subject system
- Performance of triage
- Documentation of the testing environment and process
- Automation of testing tools
  - Analysis of project specification
  - Creation of test matrices
  - Creation and automation of testing scripts

The company's testing methodologies use the latest GUI testing tools and IMI's testing software, based on its new tool-independent technology called Universal Flat Data Tables (UFDT).

- Analysts use the UFDT model to extract all of the business rules from project specifications and enter them into data tables.
- This data is then used by Automated Testing Facility (ATF™) or other automated test tools to drive the test suites.
- As problem areas are uncovered in the software, the data table information is used to identify all of the relevant conditions.

### Clients

Some of IMI's recent engagements include the following:

- For a leading U.S. airline, IMI used its Process Engineer to support the implementation of a multilevel IEF CASE-tool system.
- For a major telecommunications carrier, IMI managed a client/server development project.

- For a European insurance company, IMI reengineered the company's core legacy system.
- For IBM, IMI participated in the development of the IBM Visual Warehouse.
- For a regional telecommunications firm, IMI provided risk assessment services for a large operations support system designed to control the entire network.
- For a major systems integration firm, IMI provided risk assessment services for the \$22 million implementation of a comprehensive software package for long-distance carrier access billing.
- For a major telecommunications company, IMI is currently testing a client/server system comprising more than 300 different PC graphic screens connected to UNIX servers. These servers call on mainframe legacy systems composed of more than one million lines of COBOL code and containing databases representing more than ten million customers.

A sampling of IMI's clients include Ameritech, AT&T, Avon Products, Inc., Bank of Ireland, Bell Atlantic, Bellcore, Bell South, Bell of Pennsylvania, British Telco, Century Cellular, Chase Manhattan Bank, Chemical Bank, GTE Mobilnet, Lehman Brothers International (London), MCI, NationsBank, Navistar International Transportation Corp., New Jersey Bell, New York State, New York Telephone, Northern Telecom, NYNEX, PLC, Southwestern Bell, Sprint, State of Louisiana, US West, and Wm. Low & Company.

### Marketing and Sales

IMI markets its services through its direct sales force.



## Alliances

IMI has affiliations with various software vendors, including:

- SAP—National Implementation Partner
- IBM—BESTeam Business Partner
- Wang—Software Business Partner for imaging and workflow
- Powersoft—Powerchannel Partner
- Lotus Notes—developer

The company also has affiliations with testing vendors, including Softbridge, Mercury, and AutoTester, Inc.

## Competition

IMI faces its greatest competition from Tracom (a division of Amdahl), Computer Task Group, Keane, and CAP GEMINI America.

### *Parent Company*

Olsten Corporation  
175 Broad Hollow Road  
Melville, NY 11747-8905  
(516) 844-7800

Total Revenue (12/31/95): \$2,500,000,000



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

September 1996

## I-NET, Inc.

**President:** Ken Bajaj  
**6700 Rockledge Drive**  
**Bethesda, MD 20817**  
**Phone:** (301) 214-0900  
**Fax:** (301) 214-0001  
**Internet:** <http://www.inet.com>

**Status:** Wholly Owned Subsidiary  
**Parent:** Wang Laboratories, Inc.  
**Employees:** +3,000  
**Revenue:** \$327,000,000  
**Fiscal Year End:** 12/31/95

### Key Points

- I-NET specializes in network computing and communications services, with a specific focus on supporting enterprise-wide networks and desktop environments.
- In August 1996, Wang announced it had completed the acquisition of I-NET, significantly expanding Wang's network services capabilities worldwide.
- I-NET company has experienced a compound annual growth rate of 50% since its founding.

- In April 1996, I-NET announced MINTS<sup>SM</sup>, a new managed Internet service that provides a complete one-stop source for Internet and World Wide Web support and services.

### Company Description

I-NET provides systems integration and systems operations services to federal government and commercial clients through 50 offices worldwide.

In August 1996, Wang acquired I-NET for \$100 million in cash and a \$66.7 million one-year, interest-free note. Additionally, Wang will assume approximately \$40 million of existing I-NET debt.

- The acquisition increase's Wang's ability to provide network services worldwide. Its

combined \$1.5 billion services business will be focused in the fastest growing segments of the industry—network and client/server services.

- The acquisition also brings a solid base of business to Wang; with I-NET's federal business, Wang will become a \$400 million federal information technology services provider.
- I-NET will operate as a wholly owned subsidiary of Wang and Ken Bajaj will continue to lead I-NET as president.

### **Organization and Structure**

I-NET is headquartered in Bethesda (MD) and has offices in 30 states and overseas.

U.S. offices/project sites are in Alabama, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Mexico, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Puerto Rico.

International locations are in Bogota (Columbia), London (England), Edinburgh (Scotland), Vienna (Austria), Stuttgart (Germany), Singapore, Kuala Lumpur, and Caracas (Venezuela).

In September 1996, I-NET announced a reorganization into the following units:

- Commercial
- Federal
- International
- Enterprise Services

Through I-NET's ten-year history of providing solutions, the company has developed seven main Technology Centers—specific groups focused on a core technology with specific tools, techniques, experience, and expertise. These centers include:

- Enterprise Consulting
- Network Integration/Desktop Services
- Network Operations/Management
- Network Computing
- Document Management
- Software Applications
- Object Technologies

I-NET also has Vertical Market Business Centers, headed by business leaders who understand the issues related to technology for their market and work with industry to determine specific customer needs.

### **Company Strategy**

I-NET's mission statement is "to be the premier provider of networking and client/server systems and services which will deliver a maximum return on investment and sustainable strategic advantage for its clients."

I-NET's approach to outsourcing has been based on the following principles:

- Partnership—sharing in rewards and risks
- Single point of accountability
- Service oriented, service level agreements
- Understanding the importance of human resources

- Vendor independence—"Best of Breed"
- Ongoing cost reductions and savings
- Technology refreshment and infusion
- Flexibility

As a network integrator, I-NET has experience in designing, implementing and operating end-to-end computer and telecommunications services and applications for its clients.

- The company's solutions include performance and cost incentives that provide for a sharing of rewards and risks with its business clients/partners.
- I-NET has experience as both a prime contractor and subcontractor. As part of its "Best of Breed" contracting approach, I-NET first looks at the needs of the business partner/client and then develops a team and a solution that best fits the needs of the customer.

All I-NET outsourcing efforts include:

- Frequent, sustained interaction with clients
- Proper tools and industry experts to perform rapid analysis, reduce duplication of effort,

improve quality, ensure timely delivery of service and reduce costs

- Adaptive standards, procedures and methodologies to ensure continuous improvement to meet future business requirements
- Sound project management, emphasizing communications, service level standards and schedule, quality and cost control
- Solutions that leverage vendors, provide economies of scale and take advantage of shared services then appropriate.
- Be prepared to respond quickly and correctly

As a result of its acquisition by Wang, the company will increasing focus on its international business, as well as domestic commercial and government clients.

### Financials

I-NET's 1995 revenue reached approximately \$327 million, up 39% from 1994 revenue of \$235 million.

A four-year revenue summary follows:

**I-NET, Inc.  
Three-Year Revenue Summary  
(\$ Millions)**

Item	Fiscal Year			
	1995	1994	1993	1992
Revenue	\$327	\$235	\$148	\$96
• Percent change from previous year	39%	60%	55%	N/A

### *Revenue Analysis by Product/Service*

An estimated 55% of I-NET's revenue is derived from network integration services and 45% from network and data center outsourcing services.

### **Market Financials**

Currently, approximately 50% of I-NET's revenue is derived from the federal government and 50% from commercial clients primarily in energy, health care, manufacturing, finance, and media and entertainment.

Prior to 1993, virtually 100% of I-NET's revenue was derived from government clients.

### **Geographic Markets**

The majority of I-NET's 1995 revenue was derived from the U.S. The company also has clients in Europe, Asia, and South America.

### **Employees**

I-NET currently has more than 3,000 employees worldwide.

### **Key Products and Services**

I-NET offers client/server and networking solutions in five categories of service as follows:

- **Networking and Infrastructure—LAN, WAN and Telecommunications**
- Desktop Services (Desktop Management Systems)
- Data Center and Operations Support
- Software Development and Consulting Services
- Paperless Office and Workflow Automation

### *Networking and Infrastructure—LAN, WAN and Telecommunications*

I-NET has expertise and experience in designing and implementing local and wide-area networks and telecommunications services in the following technology areas:

- Wireless services (radio, HF/VHF/UHF, microwave, satellite, cellular, PCS)
- Voice services (PBX, carrier, CPE, Centrex services)
- WAN data services (frame relay, private line, ATM, packet, SONET)
- LAN data services (equipment, software, cable/wiring)
- Network management services (fault, configuration, accounting, performance, security/FCAPS)
- Security services (risk, planning, penetration analysis, disaster recovery, fraud)
- Video services (teleconferencing, TV studios)

In conjunction with the above listed areas, I-NET can provide its customers with planning, engineering and network optimization, acquisition, implementation and testing, training, operations and maintenance and management.

MINTS, I-NET's managed Internet service, introduced in 1996, provides optimized Internet access, remote management of Web sites and servers, Web site and home page authoring and hosting, intranet development, custom reports on Web usage, and Internet help desk and end user support services.

### *Desktop Services*

I-NET provides help desk and desktop management services at the client site or at a centralized I-NET site. The company has global support capabilities and expertise with service level agreements.

Desktop services include acquisition, installation, asset management, help desk, training, system management, monitoring and maintenance.

### *Data Center and Operations Support*

Services provided by I-NET in this area include operations and maintenance, problem management, user support services and database administration.

I-NET capabilities include data center evaluation, planning, integrating data centers with network control centers and infusing new technologies to reduce costs.

### *Software Development and Consulting Services*

I-NET provides full life cycle systems and software engineering and management support services to integrate information technologies within user environments.

Services provided by I-NET include downsizing/rightsizing, software development, database design/implementation, Year 2000 solutions, software conversion/migration, client/server computing, business process reengineering, CASE/I-CASE, information engineering, consulting, and data warehousing.

### *Paperless Office and Workflow Automation*

I-NET uses data integration, file formatting, optical imagery, and application software development in support of documentation management.

Capabilities in this area include workflow analysis and modeling, paper/fiche high-speed scanning and optical storage and retrieval.

I-NET has implemented image conversion systems for color photographs, remote sensing, aerial photographs and E-size drawings.

### **Contracts**

In April 1995, I-NET, The Genix Group, and CAP GEMINI AMERICA were awarded a five-year, \$100 million transformational and outsourcing contract with Ralcorp Holdings, a St. Louis-based food manufacturer, to provide strategic systems planning, system transformation and data center and desktop management services. I-NET is responsible for Ralcorp's LAN, WAN, and desktop support, including user training, help desk operations and technology refresh programs.

In early 1995, I-NET, Andersen Consulting and Power Computing/Origin IT signed a \$500 million contract to provide outsourcing services to Halliburton Energy Services (Houston, TX). I-NET is responsible for desktop and LAN services under the contract.

### *Other Contracts*

I-NET is providing network operations for British Petroleum Exploration in support of voice, video, data and information systems.

For Enron, I-NET has provided various network modeling design and communications analysis, design and operations support services.

For Bell Atlantic, I-NET is designing, developing and implementing a records management system for employment applications.

For Naval Sea Systems, Fleet Logistics Center, I-NET moved Oracle and e-mail applications from an IBM mainframe platform to LAN-based UNIX processors.

In September 1994, I-NET was awarded a \$42 million contract to provide information and communications support for NASA's Ames Research Center.

In late 1993, I-NET, Federal Computer Corp. (Bethesda, MD) and International Data Products (Gaithersburg, MD) formed a limited partnership—Justice Technology Partners—to provide the FBI with 20,000 networked 486SX PCS over a three-year period, along with eight years of LAN maintenance.

In 1993, I-NET was awarded two, five-year contracts valued at approximately \$35 million with the U.S. Post Office. The contracts allow Post Office field offices to purchase standard equipment and are expected to lead to improved network compatibility.

- A \$20 million LAN equipment contract involves multimedia networking hubs and interface boards. The LAN products are being provided by SynOptics Communications.
- A \$15 million WAN contract involves network management systems, as well as bridging and routing equipment. The WAN equipment is being provided by Wellfleet Communications.

### Clients

Government clients include the U.S. Senate, Defense Information Systems Agency, FAA, FBI, NASA, the U.S. Air Force, U.S. Army, U.S. Navy, U.S. Postal Service, the EPA, and Kennedy Space Center.

Commercial clients include Bell Atlantic, British Petroleum Ltd., Consolidated Natural Gas, Enron Oil, Halliburton Energy Services, LSI Logic Corp., LTV Steel, Ralcorp, Shell Oil, and Southern New England Telephone.

### Marketing and Sales

I-NET markets its services through a direct sales force and through alliances with a range of vendors.

### Alliances

As a total solutions provider, I-NET remains vendor independent in order to provide unbiased recommendations for hardware/software solutions that best meet the needs of its clients.

I-NET has worked with a wide range of vendors in order to meet the needs of its clients.

- I-NET has a teaming agreement with Instant Video Technologies, Inc. for the design and implementation of multimedia networks for the cable television industry.
- I-NET has worked with Kodak in the area of imaging.
- I-NET has worked with AT&T, MCI, Sprint and others in areas related to telecommunications.
- I-NET is a member of Gensym's Solution Partner program.
- I-NET has a marketing alliance with UB Networks related to UB's networking products.
- I-NET has a marketing agreement with Isicad to use, sell and support Isicad's Command network management software.



**Competitors**

Competitors include EDS, Andersen Consulting, Digital, Advantis, Computer Sciences Corporation, and Price Waterhouse, among others.

**INPUT Assessment**

I-NET's strengths include its network services expertise and skills, which have been enhanced through the many complex

projects it has performed for the federal government, as well as approach to teaming with a range of vendors. The company also will gain a significant presence in international markets as a result of its relationship with Wang, which is strong internationally.

Challenges for I-NET include successful integration of Wang's operations and managing the company's rapid growth.



## Employees

Infonet currently has an estimated 2,000 employees, of which about 600 are located in the U.S. and the remainder are based in various international locations worldwide.

## Key Products and Services

Infonet's services can be broken down into three categories:

- The World Network
- The Global WorkPlace
- World Support Services

### *The World Network*

Through the World Network, Infontet provides global connectivity, global LAN-to-WAN services, and packaged messaging services. The World Network primarily targets buyers of data communications systems.

X.25 Network Services—Infontet offers a range of managed X.25 network services that are accessible in about 175 countries for global communications.

- Infontet's DialXpress service speeds range from 1200 bps up to 28,800 bps. Speeds for dedicated links range from 9,600 bps up to 64,000 bps.
- Infontet offers clients a complete migration path to meet their global network communications requirements.
  - For relatively low-volume, low-speed usage from points distributed around the world, users can choose Infontet's public data network (PDN) services.
  - As usage and network performance demands increase, users can migrate to Virtual Private Data Network (VPDN) services. Mesh and star topologies are

available worldwide with speeds up to T1/E1.

Frame Relay—Infontet expanded its portfolio of World Network services in 1994 to include frame relay, which routes multiple LAN protocols in native mode. Access port speeds range from 9.6 Kbps up to the T1/E1 level. Service is available in more than 34 countries.

- Infontet's Frame Relay offering affords customers additional flexibility. For example, customers can sign up for PVC committed information rates up to 1024 Kbps that give data transmissions from their key sites a higher priority during peak traffic periods.
- The provider's Frame Relay service also protects clients' existing investments in customer-premise routers, such as Timeplex TL 100s and IBM 6611s and 3745s, as well as those from Cisco, Bay Networks (Wellfleet), Proteon, CrossCom, Digital, and 3Com.
- Customers can have Infontet manage down to the Cisco or Bay Networks router level on their sites.

TCP/IP Services—Infontet has been addressing the LAN interconnection market with its INFOLAN TCP/IP family of services since 1991.

- In fact, with 90% of Infontet's LAN interconnect revenues derived from the international market, the company appears to be the leader in the international public LAN interconnection services market.
- INFOLAN is the world's largest native wide-area TCP/IP network service, covering 34 countries. This service is distinguished by the fact that Infontet manages the network down to the router on the customer

premise and offers more access options (dedicated, asynch dial, and ISDN) than any other LAN connectivity service provider.

- Infonet has three INFOLAN DialXpress services. DialXpress Branch Office provides multinational corporations with LAN-LAN connectivity for branch offices using asynch, Switched 56 or ISDN access options. DialXpress On-the-Road and DialXpress Telecommute target mobile or home workers, allowing them to access the main office or other branch locations.

The management cost of implementing and operating a remote LAN outer network can be up to 40% of the total cost. To date, Infonet is the only provider assuming this management responsibility for the dial-up market. Infonet takes care of procurement, configuration, installation, maintenance, monitoring of dial-up routers on the customer's premise, and ongoing management of equipment.

Infonet has established a gateway between its X.25 Public Data Network and INFOLAN so that Internet Protocol (IP) and X.25 clients can use both networks. Infonet has also implemented an asynchronous-to-Telenet gateway to allow global asynchronous dial access to IP hosts on the INFOLAN network. INFOLAN clients may also communicate with hosts on the Internet via Infonet's Internet Gateway.

**Private Intranet Services**—Infonet also offers a family of Private Intranet Services to meet companies' global Web site networking and workgroup application needs.

- These services are based on a native TCP/IP implementation, so users can employ the same addressing schemes, navigational structure, and tools they rely on at home to browse the public Internet. For this reason,

most companies find this approach less risky than strategies involving other data access client/server tools.

- Customers also benefit from geographic coverage equal to that of the public Internet, managed bandwidth, and a worldwide local support infrastructure.
- Infonet's globally managed Private Intranet Services are accessible via dial-up, ISDN, and dedicated links and backed by on-site TCP/IP experts in the major business centers of the world.
- These services ensure strong security features that prevent unauthorized access to corporate systems. However, if at some point a company wants to connect its private intranet to the public Internet, it can do so with a subscription to Infonet's Internet Services. Infonet will in turn provide a firewall between the company's internal corporate applications and the public Internet.

**Public Internet Services**—In addition to implementing firewalls as part of its public Internet services, Infonet also performs domain name services, registers IP addresses to the Internet for customers, manages their web pages, and offers home pages of reasonable size for them free of charge.

**WAN Management**—PerspeXion is Infonet's family of wide-area network management information services available to users of Infonet's X.25 PDN/VPDN, Frame Relay, INFOLAN IP, and Private Intranet services, as well as hybrid and private network solutions.

- PerspeXion Link electronically delivers daily, weekly, and monthly network performance and activity reports to the customer's location.

- PerspeXion Vision is a real-time network monitor on the client site providing an end-to-end graphic view of the customer's ports, circuits, and routers.
- PerspeXion Manage provides a single window into Infonet-managed hybrid and private network solutions. It, too, resides on the client site.

LAN Management—Infonet's new SiteWise LAN management services are an example of how the company is pushing the purview of its network management capability beyond the edge of the WAN. The SiteWise family of services is aimed at reducing the amount of time, money, and resources companies must devote to monitoring, managing, and administering their distributed LAN-based servers and desktop systems.

- The first standardized LAN management services release from Infonet is now available in the form of SiteWise Notification, SiteWise Fault Management, and SiteWise Reporting.
  - SiteWise Notification provides 24 x 7 monitoring and alerts users in a proactive, real-time manner that a problem has or is about to impact their LAN-based systems.
  - SiteWise Fault Management helps the user create an infrastructure that consistently and reliably ensures that LAN-based system problems are quickly addressed and that the right resources are leveraged to resolve them promptly.
  - Regular status reports summarize trouble tickets, faults, and historical performance information. Additional SiteWise Reporting provides information on how various LANs and systems are performing and being used.

- The complete family of SiteWise LAN management services will ultimately extend beyond network management covering fault and performance management of LAN-based systems to include:
  - Installation management services for assisting in the coordination of global LAN installations and support for adds, moves, and changes
  - Systems administration for remote administration of central and distributed Novell NetWare, Microsoft NT, and UNIX servers. (Several other server and applications administration services will be available as Infonet's SiteWise offering is expanded.)
  - Applications management for remote administration of client/server applications
  - Desktop services for desktop systems management

#### *The Global WorkPlace*

Infonet has traditionally focused its business from the network out. However, with the introduction of Global WorkPlace services, Infonet has turned its business inside out by taking the high road and focusing itself from the user application in. In doing so, Infonet has remained true to its market niche—giving multinational organizations an even more transparent network resource.

- Accessible via Infonet's World Network in 175 countries, the Global WorkPlace combines existing solutions for private intranets, remote LAN management, and messaging, with new applications ranging from multimedia services to electronic commerce, workgroup, and directory services.

- Whether a client wants Infonet to integrate its voice, data, and fax; provide a private intranet; host its Web page; manage its post office 24 hours a day; monitor its remote LANs during off hours; or create a collaborative forum for information sharing—Infonet can provide all these services through the Global WorkPlace.

WorkPlace Messaging Services—Infonet's NOTICE family is an integral part of the WorkPlace Messaging Services in the Global WorkPlace. NOTICE messaging services are accessible in 175 countries via Infonet's World Network and are backed by local support in 57 nations as well as administration and 24-hour, 7-day management. By using these services, a company can link its various departments, remote offices, mobile users, business partners, and customers in a fully interoperable, global messaging network. They can do this without making any additional investments in premise-based hardware and software.

- NOTICE Post Office allows a company to escape the burden of managing and maintaining its own cc:Mail and MS Mail Post Offices, NetWare Global MHS Workgroups, and SMTP hosts, serving both local and remote users.
- NOTICE Server permits a company to remove the internal resource drain of managing its own Microsoft Exchange Server, Lotus Notes, and Novell GroupWise platforms and POP servers. Like NOTICE Post Office, NOTICE Server acts as a hub for geographically dispersed servers, as well as a "virtual" local post office for remote and mobile users.
- NOTICE Xchange integrates a company's disparate LAN E-mail systems into a cohesive messaging network, allowing users of Microsoft Mail, cc:Mail, NetWare Global

MHS, and SMTP Mail to exchange mail with users of any host, LAN, PC, or Internet-based system.

- NOTICE Internet opens the vast resource of the Internet to NOTICE subscribers by mapping proprietary message addresses from E-mail systems such as cc:Mail, MS Mail, NetWare Global MHS, Novell GroupWise, and Lotus Notes to Internet addresses for sending and receiving mail.
- NOTICE Reports is a value-added subscription service for NOTICE Xchange subscribers that yields a comprehensive set of statistics enabling them to better monitor and track their messaging traffic.
- NOTICE Offnet provides a seamless link between electronic communication facilities and "offnet" services such as fax and telex.
- NOTICE Page allows users of Infonet's NOTICE family of messaging services to send E-mail messages to SkyTel subscribers.
- NOTICE Private is a closed user group messaging service that is ideal for mission-critical messaging. NOTICE Private provides secure exchange of E-mail, binary files, faxes, and telexes on a transnational, intracompany basis. NOTICE Private also supports two front-end clients—PC COMplete, a menu-driven, DOS-based client for low-end PCs, and the Microsoft Exchange Client, a graphical, Windows-based application for high-end workstations.
- NOTICE 400 provides standards-based enterprise-to-enterprise communication over a global, 1992-standard X.400 backbone that operates as an ADMD (Administrative Management Domain) in eight countries and has 32 ADMD interconnects throughout the world, as well as numerous PRMD

(Private Management Domain) attachments.

Infonet considers itself a one-stop shopping center for both network-based messaging services and private management domain (PRMD) or administrative management domain (ADMD) solutions.

Messaging Handling Systems (MHS)—The Messenger 400 family of products from Infontet Software Solutions includes interoperable message servers (PRMDs and ADMDs) based on X.400 (1992) specifications.

- Messenger 400 is available on a range of scalable UNIX platforms, including SCO UNIX, Sun, HP 9000, DEC Alpha, Tandem, Stratus, RS/6000, and Windows NT. For additional flexibility, Messenger 400 products support X.400 over X.25, TCP/IP, and asynchronous dial-up lines.
- Infontet Software Solutions' offerings provide electronic messaging backbone and E-mail integration capabilities for the small department, corporation, or in-country telecom operator.
- Infontet Software Solutions' product line also consists of X.500 (1993) directory services, gateways for connectivity to SMTP/MIME, cc:Mail, Microsoft Mail, Lotus Notes, GroupWise and Global MHS mail systems, X.400 and X.500 client software, and EDI solutions.

#### *World Support Services*

World Support Services consist of Infontet's people-driven services, such as local in-country support, circuit procurement, training services, installation support, help desks, network operations, and facilities management.

- World Support Services are provided to Infontet's customers through Infontet's in-country sales, service and support organizations, currently operating worldwide in 57 countries.
- These Infontet services address user needs for value-added customer service, application support, and preprovisioned connectivity.

#### **Client Contracts/Projects**

Cushman & Wakefield, a giant commercial real estate services organization that operates in Mexico, South America, Europe, and Asia, is building a global WAN for data traffic using Infontet's INFOLAN TCP/IP service and Global WorkPlace offering.

- For example, Cushman & Wakefield is leveraging Infontet's NOTICE Post Office service as a hub for all of its MHS workgroups and Infontet's NOTICE Xchange service to give its employees access to both X.400 and Internet messaging.
- The real estate firm also called on Infontet to obtain the "cushwake.com" domain for it.

Amway Corporation produces personal care, nutritional and wellness, home care, home tech, and commercial products. Along with its two sister companies, Amway Japan Ltd. and Amway Asia-Pacific Ltd., the corporation recently decided to upgrade its entire network with Infontet's Frame Relay service.

- Amway will also use Infontet's IP DialXpress services to back up critical locations and further cut redundancy outlays in the process.
- In late 1996, Infontet's new Integrated Media Services, combining voice, fax, and data on its World Network, will be brought on-line at a number of Amway sites.







## COMPANY PROFILE

ISC SYSTEMS CORPORATION  
East 901 Second Avenue  
Spokane, WA 99202  
(509) 927-5600

Ted C. DeMerritt, Chairman and CEO  
John Lindeblad, President  
Public Corporation, OTC  
Total Employees: 1,841  
Total Revenue, Fiscal Year End  
6/27/86: \$166,086,000

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### THE COMPANY

- ISC Systems Corporation, founded in 1977, develops, manufactures, markets, and supports turnkey systems to financial institutions for the automation of retail customer transactions.
  - ISC Management states that in the U.S. branch automation systems business ISC has achieved the number one market share in the thrift industry and is among the market leaders in the commercial banking industry segment.
  - As of 1986, ISC had supplied turnkey systems to over 2,400 financial institutions in 50 U.S. states and various international locations.
- Fiscal 1986 revenue reached \$166.1 million, an 11% increase over fiscal 1985 revenue of \$150 million. Net income rose 69%, from \$8.2 million in fiscal 1985 to \$13.9 million in fiscal 1986. A five-year financial summary follows:

ISC SYSTEMS CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

FISCAL YEAR ITEM	6/86	6/85	6/84	6/83	6/82
Revenue	\$ 166,086	\$ 149,998	\$ 127,670	\$ 79,661	\$ 62,066
• Percent increase from previous year	11%	17%	60%	28%	92%
Income before taxes	\$ 23,755	\$ 13,642	\$ 16,593	\$ 5,962	\$ 14,057
• Percent increase (decrease) from previous year	74%	(18%)	178%	(58%)	69%
Net income	\$ 13,855	\$ 8,190	\$ 9,987	\$ 3,966	\$ 8,083
• Percent increase (decrease) from previous year	69%	(18%)	152%	(51%)	82%
Earnings per share	\$ 0.90	\$ 0.55	\$ 0.67	\$ 0.27	\$ 0.55
• Percent increase (decrease) from previous year	64%	(18%)	148%	(51%)	57%

- ISC management attributes revenue growth to increased sales of its Pinnacle® systems and a 27% increase in maintenance services revenue resulting from the rapidly growing installed base of equipment.
  - Increases in net income were attributed to increased revenue, improved manufacturing productivity, and decreased component costs.
- Research and development expenditures were approximately \$14.9 million (9% of revenue) in fiscal 1986, \$13.1 million (9% of revenue) in fiscal 1985, and \$11.1 million (9% of revenue) in fiscal 1984.
- Revenue for the six months ending December 26, 1986 was \$75 million, a 5% decrease from \$78.7 million for the same period in 1985. Net income for the period declined 52% from \$5.9 million to \$2.8 million.
  - Management attributes the declines to the client rescheduling of installation dates for several major projects, lower than expected add-on business to existing customers and third-party distributors, and increased competition in the small institution market.
- Major competitors include IBM, Burroughs, and NCR.

## KEY PRODUCTS AND SERVICES

- Approximately 74% of ISC's fiscal revenue was derived from turnkey system sales and 26% from associated maintenance services. A three-year summary of source of revenue follows (\$ millions):

FISCAL YEAR ITEM	6/86		6/85		6/84	
	Revenue	Percent of Total	Revenue	Percent of Total	Revenue	Percent of Total
System sales	\$122.5	74%	\$115.7	77%	\$107.0	84%
Service	43.6	26	34.3	23	20.6	16
Total	\$166.1	100%	\$150.0	100%	\$127.6	100%

- ISC's products are found in the retail branches of financial institutions. They are employed almost exclusively in customer contact areas within the branch. The two primary areas where ISC products are used are the teller window and the "platform area" (the area away from the teller line).
- ISC's primary product line, Pinnacle, was introduced in 1982 and accounted for 87% of system sales in fiscal 1986. Since its introduction, more than 50,000 workstations have been installed.
  - With the system, a financial institution is provided with interactive workstations that automate many front office operations, including teller, new account, loan processing, and other customer service operations. They also perform administrative functions and provide automated teller machine support and terminal-to-terminal communications. ISC workstations can also be used as personal computers, financial calculators, monitor replacements, or electronic mailboxes, and can access timesharing services such as the Dow Jones wire service.
  - The ISC system is designed to communicate with the client's host computer either by direct communications or by emulating the terminals or terminal systems that the host computer is capable of supporting. The emulation is accomplished in the applications software developed for each financial institution and requires no significant modification in the hardware or software of the host computer, or in ISC's hardware. ISC's systems have been installed in financial institutions that use IBM, Burroughs, NCR, Amdahl, Honeywell, Magnuson, Tandem, Hewlett-Packard, GEAC, Univac, Digital, Wang, and other host computers.

- The ISC system is designed for on-line communication with the host computer, but it also continues to process transactions without interruption if a malfunction occurs in the host computer or in the communications link between the system and the host computer. In such cases, the ISC workstations record all transactions and automatically transmit this transaction information to the host computer once communication is reestablished. In addition, the company's system can function off-line, allowing the user to batch information and control when transactions are processed.
- Pinnacle system hardware includes a concentrator, interactive intelligent workstations with both Winchester hard disk and floppy disk drives, and standard modular peripheral equipment, including video displays, keyboards, passbook document printers, receipt printers, line printers, and other items.
  - The concentrator controls communications between workstations, provides a link between the workstation network and the customer's host computer, and serves as the central device for transaction records and system software. Each concentrator supports up to 48 workstations, and workstations can operate independently in the event of concentrator failure. Microprocessors are placed in most peripheral devices to increase throughput and transaction processing.
  - In response to customers' needs, ISC developed the Workstation Processor III Dual Processor to support advanced branch automation requirements. This Workstation Processor III features dual microprocessing systems that allow Pinnacle workstations to use ISC application software as well as MS-DOS-based software.
- ISC systems include proprietary operating system software, integrated application software, utility programs, and design aids. The company's application software includes teller functions, new account, consumer loan, signature verification, automated teller machine interface, and other specialized applications. All ISC application software is designed so it can be customized to meet specific customer needs.
  - ISC also offers Pinnacle system software and personal computing software to enhance its application software. Pinnacle software options include a financial calculation package and Speed Writer®, a program for producing multiple letters and memos. ISC also offers software for terminal-to-terminal communication and electronic mail. Personal computing software options operate on the Pinnacle system in an off-line, standalone mode to run MS-DOS-based microcomputer programs. An ISC utility program allows users to electronically transfer personal computing files between workstations and to share printer resources.

- During 1986, ISC enhanced existing product lines with the introduction of the Florida Software Interface package for the Pinnacle Teller and New Accounts applications. This package enables ISC to install a standardized interface at institutions which use Florida Software host applications.
- Maintenance and support services provided by ISC include the following:
  - ISC provides software training at regional classroom sites for selected customer personnel using the software package developed specifically for the customer. These customer personnel then train other customer employees to use the hardware and software.
  - The company offers a variety of hardware maintenance programs, ranging from priority on-site maintenance with guaranteed two-hour response time in designated service areas to service center programs with equipment exchange options that eliminate the customer's need for spare parts inventories.
  - ISC maintenance programs are supported in the U.S. by service technicians located near ISC's customer sites. All service calls are placed on toll-free lines to a central dispatch center that notifies appropriate service personnel and monitors the status of each call until repair is completed. Field services personnel are supported by 23 regionally distributed field service offices. Canadian and U.K. customers are supported through maintenance programs offered by the ISC subsidiaries in their respective countries.
  - ISC provides continuing software support for enhancements, modifications, and upgrades of its systems through a staff of software personnel located at regional sites across the U.S., as well as in Canada, the U.K., and Hong Kong. Additionally, software training is offered to provide customers with the ability to make their own in-house program modifications.

#### INDUSTRY MARKETS

- One hundred percent of ISC's fiscal 1986 revenue was derived from the banking and finance industry. Clients include thrift institutions (savings and loans and mutual savings banks), credit unions, commercial banks, and consumer finance companies.
  - Thrift institutions and credit unions represented 79%, 84%, and 91% of system sales for fiscal 1986, 1985, and 1984, respectively.
  - Sales to commercial banks represented 21%, 16%, and 9% of system sales for fiscal 1986, 1985, and 1984, respectively.
- During fiscal 1986, ISC added 113 savings and loan customers, 63 mutual savings bank customers, 144 credit union customers, and 75 commercial bank

customers. The three-year summary that follows itemizes the cumulative totals for the company's client base and system installations:

	6/86	6/85	6/84
Number of customers			
• Thrift institutions	1,432	1,256	1,053
• Credit unions	737	593	400
• Commercial banks	242	167	117
• Consumer finance companies	<u>3</u>	<u>2</u>	<u>-</u>
Total	2,414	2,018	1,570
Number of installed workstations			
	91,818	72,140	51,136

- ISC has divided its marketing and distribution effort into two general segments. The company's direct sales force markets to the top 1,200-1,500 depository institutions. The remainder of the market is addressed through service bureaus and systems houses that provide processing services to the industry.

#### GEOGRAPHIC MARKETS

- Approximately 97% of ISC's fiscal 1986 revenue was derived from the U.S. The remaining 3% was derived from international sources.
- ISC markets its products throughout the U.S. principally through its direct sales force of approximately 50 employees. Regional offices are located in San Mateo (CA), Greenwich (CT), Atlanta, and Chicago.
  - In addition, more than 40 independent distributors and service bureaus assist ISC in marketing its systems to small- and medium-sized financial institutions.
- ISC markets its products internationally through subsidiaries located in the U.K. and Vancouver, and a regional office in Hong Kong.

## COMPANY PROFILE

ISI SYSTEMS, INC.  
161 Forbes Road  
Braintree, MA 02184  
(617) 848-4620

Charles C. Johnston, Chairman and  
President  
Public Corporation, AMEX  
Total Employees: 340  
Total Revenue, Fiscal Year End  
6/30/87: \$31,672,000

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### THE COMPANY

- ISI Systems, Inc. provides transaction processing services, application software products, and associated support services to the property/casualty insurance industry.
  - ISI Systems was founded in 1969 to provide processing services to the property/casualty insurance industry, and began producing application software products for the same market in 1980.
  - Between 1976 and 1986 the company was owned by Grumman Corporation and operated as part of Grumman Data Systems. As of July 1, 1986, it returned to independence through a leveraged buyout for an aggregate purchase price of \$20 million.
- In January 1987, ISI Systems completed an initial public offering of approximately 1.4 million shares of common stock. Of the net proceeds, \$14.2 million was used to repay debt associated with its acquisition from Grumman Corporation.
- Fiscal 1987 revenue reached \$31.7 million, a 28% increase over fiscal 1986 revenue of \$24.8 million. A five-year financial summary follows:

ISI SYSTEMS, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

Fiscal Year Item	6/87	6/86	6/85	6/84	6/83
Revenue	\$ 31,672	\$ 24,820	\$ 22,104	\$ 19,969	\$ 16,916
• Percent increase from previous year	(a)	12%	11%	18%	22%
Income before taxes	\$ 6,966	\$ 6,210	\$ 4,804	\$ 4,972	\$ 4,716
• Percent increase (decrease) from previous year	(a)	29%	(3%)	5%	48%
Net income	\$ 3,552	\$ 3,304	\$ 2,574	\$ 2,497	\$ 2,393
• Percent increase (decrease) from previous year	(a)	28%	3%	4%	47%
Earnings per share	\$ 0.60	-	-	-	-

- (a) Results are not directly comparable to prior years (before the closing of the Grumman transaction) due to increased interest expense due to a higher level of debt (subsequently liquidated using proceeds from the initial public offering) and significant non-cash expenses relating to amortization of acquired intangible assets (primarily software).
- ISI Systems' management attributes revenue growth over the past two years to the following:
    - Increased revenue from the company's Massachusetts and commercial assigned risk automobile insurance processing services, attributed primarily to the commencement of services under multi-year contracts.
    - Increases in existing clients' policy premium volumes.
    - The continuing expansion of ISI Systems' commercial auto assigned risk processing services into additional sales.
    - Increased licensing of its The Insurance Writer and Ratabase products.
  - When viewed as if the acquisition from Grumman had occurred July 1, 1985, net income for fiscal 1987 rose \$2.5 million or 229% over pro forma fiscal 1986 results of \$1.1 million (which represents historical net income of \$3.3 million, less interest charges and amortization expenses).



# ISI SYSTEMS, INC.

- Research and development expenditures were approximately \$1.6 million (5% of revenue) in fiscal 1987, \$1.2 million (5% of revenue) in fiscal 1986, and \$1.6 million (7% of revenue) in fiscal 1985.

- As of June 30, 1987, ISI Systems had 340 employees, segmented as follows:

Marketing/sales and customer service/support	53
Systems design and development	219
Executive/administration	<u>68</u>
	340

- Major competitors of ISI include Policy Management Systems and Automated Insurance Resource Systems.

## KEY PRODUCTS AND SERVICES

- A three-year summary of source of revenue, as provided by ISI Systems, follows (\$ thousands):

Fiscal Year Item	6/87		6/86		6/85	
	Revenue	Percent of Total	Revenue	Percent of Total	Revenue	Percent of Total
Transaction processing and other services (a)	\$23,872	75%	\$18,709	75%	\$15,664	71%
Software licensing	7,800	25	6,111	25	6,440	29
Total	\$31,672	100%	\$24,820	100%	\$22,104	100%

- (a) Includes microfiche and custom insurance forms sales for all three years. Fiscal 1986 and 1985 results also include revenue from the reselling of microprocessors, a business area that was discontinued during 1986 due to low margins, price competition, and administrative burdens related to such sales.
- Approximately 67% of ISI Systems' fiscal 1987 revenue was derived from processing services, 25% from application software products, and 8% from microfiche and customized insurance forms sales. A three-year summary of source of revenue by product area follows:

Item \ Fiscal Year	6/87	6/86	6/85
Processing services			
. MAS	31.9%	38.1%	31.6%
. ARTS and ICAPS	17.3	12.8	12.3
. Analyzer and Pol*Star	7.2	6.8	5.6
. Other	<u>10.8</u>	<u>6.6</u>	<u>10.6</u>
Subtotal	67.2%	64.3%	60.1%
Software products	24.6%	24.0%	22.5%
Noncomputer services			
. Microfiche and forms	8.2%	10.3%	10.2%
. Microprocessor sales	-	1.4	7.2
Total	100.0%	100.0%	100.0%

- ISI Systems' transaction processing services include comprehensive policy processing for commercial and personal automobile insurance in Massachusetts and the assigned risk market in 13 other states.
  - The range of services provided by the company includes: rating, automated underwriting, policy issuance, billing procedures, statistical bureau reporting, on-line data entry and inquiry, forms design, maintenance of rates and rating methodologies, and the monitoring, interpretation, and implementation of regulatory requirements.
  - During fiscal 1987 these services encompassed over 2.2 million vehicles and approximately \$1.5 billion in annual policy premiums.
  - Applications available in support of Massachusetts automobile transaction processing services include the following:
    - Massachusetts Automobile System (MAS). Massachusetts automobile insurance rates are regulated by the state and are subject to constant change. MAS keeps track of these changes for its clients and handles policy processing from policy issuance through endorsement processing, billing, and statistical reporting to both insurance companies and state regulatory agencies. It also supports both direct billing to insureds and agency billing, including commission statement preparation.
      - This system currently processes approximately 50% of all automobile policies written in Massachusetts.
      - MAS contracts generally have initial terms ranging from one to four years. Revenues generated annually, per client, range from approximately \$10,000 to in excess of \$1 million.

- Pol\*Star is a policy storage and retrieval system. Information can be retrieved on-line or on microfiche. Pol\*Star permits policy information retrieval via a terminal for private passenger, commercial, and fleet policies. The system can also access historical policy files.
- Analyzer is an expert system that identifies profitable and non-profitable policies by risk analysis. It is intended to help underwriters cut through routine work, freeing them to work on difficult policies requiring greater expertise.
- Applications available in support of assigned risk transaction processing services include the following:
  - Assigned Risk Teleprocessing (ARTS) provides complete automated policy processing of personal automobile assigned risk policies in 8 of the 40 states (California, Connecticut, Georgia, Louisiana, Pennsylvania, New York, Texas, and Virginia) in which insurance companies are required by the state to write a specific type of this business. The system's features include on-line data entry and inquiry, state-specific rating and premium development, interface with data bases maintained by state regulatory agencies, and automatic analysis of convictions and accident information provided by these agencies. When a policy is cancelled, ARTS also automatically recalculates the company's earned premium and the agent's commission, assuring proper payment and eliminating paperwork. An installment billing function operates not only in the eight assigned risk states mentioned above, but can also be used in all other states by insurance companies that manually process personal automobile assigned risk and other forms of involuntary personal automobile policies.
  - ISI Commercial Auto Processing System (ICAPS) is similar to ARTS but designed specifically for the commercial auto business; i.e., trucks and other vehicles used for business purposes. ICAPS automatically rates, issues policies, and bills and collects premiums for commercial auto assigned risk business in Alabama, New Jersey, Georgia, Connecticut, California, and New York, six of the 39 states in which insurance companies are required by the state to write certain categories of this business. ICAPS maintains rates and rating methodologies for the large number of commercial assigned risk coverages by using the company's Database software.
- As a part of its transaction processing services, ISI Systems also provides a range of related services, including network charges and loss coding, customer requests for special processing runs, or compliance with special state and bureau reporting requirements.

- ISI Systems' application software products are used by over 60 insurance companies' home and branch offices, and by thousands of insurance agents nationwide. Products include the following:
  - The Insurance Writer, introduced in 1985, is a sales support and development system designed for IBM and compatible microcomputers.
    - Functions include national commercial lines rating and insurance company-specific personal lines rating, electronic communications capabilities, policy issuance, and business management features.
    - During 1985 changes in the way commercial insurance is written led to "simplified rating." In response to the new simplification program, ISI Systems introduced a version of the Insurance Writer that rates commercial risks under both the simplified and non-simplified rate plans.
  - Ratabase is ISI Systems' rating system for commercial and personal lines.
    - ISI Systems has licensed Ratabase to six insurance companies. The software operates on both the client's (IBM or compatible) mainframe and branch or agent microprocessors.
  - The Distributor manages the distribution of software and software updates to branch offices and agents from the insurance company's home office mainframe (IBM or compatible). To date, The Distributor has been sold as an option to Ratabase, but it can be sold separately.

#### INDUSTRY MARKETS

- One hundred percent of ISI Systems' revenue is derived from the property/casualty industry.
  - ISI Systems' management states that the company currently serves 32 of the largest 56 property and casualty insurance groups in the U.S.
  - General Accident Insurance Company accounted for approximately 12%, 12%, and 20% of ISI Systems' fiscal 1987, 1986, and 1985 revenue, respectively.
  - Fireman's Fund Insurance Company accounted for approximately 14% and 11% of ISI Systems' fiscal 1987 and 1986 revenue, respectively.

#### GEOGRAPHIC MARKETS

- One hundred percent of ISI Systems' revenue is derived from the U.S.
- Sales offices are located in Bedford (MA), Hartford (CT), Chicago (IL), Columbia (SC), and San Francisco (CA). Sales are also handled from corporate headquarters in Braintree (MA). The company has research and development facilities in Hooksett (NH), Melville (NY), and Minnetonka (MN).

#### COMPUTER HARDWARE AND SOFTWARE

- ISI Systems owns numerous IBM and COMPAQ microcomputers which it uses for in-house work.
- For its transaction processing services, ISI Systems leases an IBM mainframe residing at a facility in Woburn (MA) that is owned and managed by Citicorp Information Resources.



## COMPANY PROFILE

ISI SYSTEMS, INC.  
161 Forbes Road  
Braintree, MA 02184  
(617) 848-4620

Charles C. Johnston, President  
Private Corporation  
Total Employees: 325  
Total Revenue, Fiscal Year End  
12/31/85: \$25,000,000

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### THE COMPANY

- ISI Systems, Inc. was founded in 1969 to provide processing services to the property/casualty insurance industry, and began producing application software products for the same market in 1980. ISI Systems management states that the company has experienced considerable growth in the last decade and expects it to continue to grow as the "slow to automate" insurance industry rushes to catch up.
- ISI Systems is currently a private, independent company wholly owned by its president. Between 1976 and 1986 the company was a subsidiary of Grumann Corporation, but as of June 1, 1986, it returned to independence.
- ISI Systems' 1985 revenue reached approximately \$25 million, an increase of about 14% over 1984 revenue of \$22 million.
  - The company expects to grow at a rate of approximately \$3 million per year for the next several years.
  - ISI Systems attributes its growth to the introduction of additional products as well as to the slump in the insurance industry, causing insurance executives to automate in an effort to cut costs.
- ISI Systems has tripled its number of employees in the last eight years and experienced particularly significant growth in 1985 when it added 30-40 employees. As of May 1986, ISI had 325 employees segmented as follows:

Marketing/sales	16
Research and development	200
Administration and support	<u>109</u>
	325

- Major competitors of ISI include Policy Management Systems and Automated Insurance Resource Systems.

## KEY PRODUCTS AND SERVICES

- Approximately 60% of ISI Systems' 1985 revenue was derived from processing services and 40% from application software products.
  - The company has been selling software products since 1980 and anticipates software revenue will represent 50% of total revenue within the next two to three years.
- The following six applications are available through ISI Systems' processing services:
  - Mass Auto: Massachusetts automobile insurance rates are regulated by the state and are subject to constant change. ISI's Mass Auto system keeps track of these changes for its clients. In addition, the Mass Auto system handles policy processing from policy issuance through endorsement processing, billing, and statistical reporting to both insurance companies and state regulatory agencies. It also supports both direct billing to insureds and agency billing, including commission statement preparation. This service has 50 clients within Massachusetts.
  - ARTS (Assigned Risk Teleprocessing System) determines premiums for assigned risk customers (those who cannot get insurance companies to take them voluntarily) based on analysis of conviction and accident records. The system handles rating, motor vehicle report ordering and surcharge applications, billing, and collections.
  - ICAPS is similar to ARTS but designed specifically for the commercial auto business, i.e., trucks and other vehicles used for business purposes.
  - The Administrative Billing System is a billing and account tracking system for insurance agencies. The system performs revolving credit, direct billing, installment billing, scheduled statement billing, follow-up reminders for overdue accounts, and payment tolerances for over/under payments. The system also supports commission accounting for insurance brokers.
  - Pol\*Star is a policy storage and retrieval system. Information can be retrieved on-line or on microfiche. Pol\*Star permits policy information retrieval via a terminal for private passenger, commercial, and fleet policies. The system can also access historical policy files.
  - Analyzer is an expert system that identifies profitable and non-profitable policies by risk analysis. It is intended to help underwriters cut through routine work, freeing them to work on difficult policies requiring greater expertise.
- ISI Systems is currently marketing three software packages for purchase by insurance companies and agencies. One of these--ACC-U-RATE--is being



replaced by a more comprehensive system called "Insurance Writer." The third is a data base and rating system for use with policy writing programs.

- ACC-U-RATE was introduced in 1981 as an Apple microcomputer-based system including rate/quote for package and monoline policies as well as statistical coding tailored to the insurance laws and requirements of all 50 states.
  - In 1984 ISI added private passenger and homeowners to the system.
  - During 1984 the company also introduced an updated version of ACC-U-RATE for the IBM PC. Expanded functions included agency marketing tools and a local data base.
- Insurance Writer, introduced in 1985, is a microcomputer-based combined rate/quote for commercial lines of insurance. It includes electronic communications policy issuance capabilities and business management tools in one software package.
  - This system includes all the functions of ACC-U-RATE and is scheduled to replace ACC-U-RATE during 1986.
  - During 1985 changes in the way commercial insurance is written led to "simplified rating." In response to the new simplification program, ISI Systems introduced a version of the Insurance Writer that rates commercial risks under both the simplified and non-simplified rate plans.
- Ratabase is a premium calculation and statistical package for use with insurance policy writing systems. It is intended to modularize policy writing and simplify premium calculations. Ratabase consists of a data base of rules and rates for determining premiums, plus three software modules for manipulating and tracking data.
  - Ratabase modules include the following:
    - Ratabase Calculator selects which rules and rates apply to a particular case and uses them to calculate premiums.
    - Ratabase Workstation is a facility for developing and changing rules and rates in the data base as laws and industry conventions change. It includes an interface which uses standard insurance terminology to make it possible for underwriters, rather than actuaries, to implement new logic on the system.
    - Ratabase Utilities generates reports and provides audit trails for the rating process allowing the user to follow how the system calculated a particular premium.

- Ratabase runs on a mainframe or on IBM PC/XT or AT microcomputers. For agencies running Ratabase on a number of PCs, the program includes a Product Distribution System which helps keep the logic uniform on all PCs running the program. The system automatically prepares a package of information regarding changes to the data base which can be electronically distributed to other PCs within the agency.

#### INDUSTRY MARKETS

- ISI Systems serves only the property/casualty insurance industry, including agencies of all sizes. More than half of the Massachusetts automobile insurance industry uses ISI Systems' products and services.

#### GEOGRAPHIC MARKETS

- One hundred percent of ISI Systems' revenue is derived from the U.S.
- Regional sales offices are located in Hartford (CT), Chicago (IL), and San Francisco (CA). Sales are also handled from corporate headquarters in Braintree (MA). The company has research and development facilities in Bedford and Woburn (MA), Melville (NY), and Minnetonka (MN).

#### COMPUTER HARDWARE AND SOFTWARE

- ISI Systems owns between 50 and 75 IBM and COMPAQ microcomputers which it uses for in-house work but buys time on IBM mainframes to do processing for clients. The company does not own any mainframes.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program - U.S.

July 1994

## ISM Information Systems Management Corporation

**Chairman & CEO:** J. Gordon Garrett  
**One Research Drive**  
**Regina, Saskatchewan**  
**Canada S4S 7H1**  
**Phone:** (306) 781-5151  
**Fax:** (306) 781-5382



INFORMATION  
SYSTEMS MANAGEMENT  
CORPORATION

Status:	Public
Employees:	3,400
Revenue:	\$ 435,407,000 *
Fiscal Year End:	12/31/93

\* \$ Canadian

### Key Points

- In 1993, revenue increased 15% over 1992 revenue.
- During 1993, ISM signed one of the largest outsourcing agreements ever, agreeing to manage the information processing operations of the National Bank of Canada. The 10-year contract is valued at approximately \$1 billion.

- In 1993, ISM announced Symphonics™, the industry's first comprehensive set of systems management services for mixed-platform, distributed computing environments. Tools and services are organized into five groups: business management, configuration management, delivery management/systems operations, problem management and quality management.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The company—Datacor/ISM Information Systems Management Atlantic Corp.—is ISM's newest affiliated company.

- In 1993, 12% of ISM's revenue came from function management services, which involve the outsourcing of broad-based business and administrative functions.

### Company Description

ISM Information Systems Management Corporation (ISM) is Canada's leading provider of information systems outsourcing services to business and government.

The company was formed in 1991 with the merger of STM Systems Corp. of Toronto and Westbridge Computer Corporation of Regina.

### Strategy

ISM helps its customers succeed by taking responsibility for their information systems and allowing them to focus their attention and financial resources on their core business. Through outsourcing, ISM provides its customers with a cost-effective way to take advantage of a nationwide computing infrastructure, extensive technical resources and industry-specific expertise without the need to maintain these capabilities themselves.

ISM expects continued growth to come from the expansion and renewal of current outsourcing contracts as well as from the signing of significant new agreements. Because the company typically acquires its customers' computing infrastructure and technical personnel as part of the outsourcing agreement, ISM anticipates that its expanding capabilities and resources will attract a growing variety of customers.

### Organization/Structure

ISM is organized primarily by geographic region, with several business units dedicated to vertical markets that span all regions.

- ISM's cross-Canada presence includes business units with offices and computing centers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick.
- ISM's vertical market business units include: ISM Federal (Government), ISM Securities Industry Services and ISM Library Information Services.

### *ISM Offices*

ISM Saskatchewan has headquarters in Regina, Saskatchewan. It has 400 employees and is expected to contribute \$60 million in revenue in 1994.

ISM Manitoba, headquartered in Winnipeg, has 330 employees and is expected to generate 1994 revenue of \$50 million. Its subsidiary—ISM Library Information Services—is expected to contribute \$11 million in 1994 revenues.

ISM Ontario, headquartered in Toronto, employs 470 people and is expected to generate more than \$70 million in 1994.

ISM Securities Industry Services, also headquartered in Toronto, employs 190 people and is expected to generate 1994 revenue of \$40 million.

ISM Federal has its headquarters and two large computing centers in Ottawa. It employs 580 people and expects revenues in 1994 to exceed \$70 million.

ISM Quebec, headquartered in Montreal, recently was awarded one of the largest outsourcing contracts in history -- a 10-year contract valued at approximately \$1 billion with the National Bank of Canada. The business unit has 400

employees and is expected to generate revenues of \$80 million in 1994.

### *Affiliated Companies*

ISM BC, jointly owned by ISM and B.C. Tel, offers systems management and systems operations services to utilities and other organizations. Its headquarters are located in Vancouver and it has more than 350 employees. ISM estimates that ISM BC's 1994 revenue will exceed \$90 million.

ISM Alberta is a strategic partnership between ISM and the TELUS Corporation. This partnership combines ISM's outsourcing and computing expertise with the telecommunications expertise of TELUS. ISM Alberta employs 200 people and has its headquarters in Calgary. It is expected to generate revenue in excess of \$60 million in 1994.

Datacor/ISM Atlantic is a partnership between ISM, Blue Cross of Atlantic Canada and The New Brunswick Telephone Company. It provides systems and network (LAN and WAN) management services. The company also operates value-added networks, including NB\*NET, CLAIMNET, and CMS. The company's headquarters are in Moncton and it employs 90 people. 1994 revenues are expected to reach \$28 million.

### **Financials**

In 1993, total revenue for ISM was \$435.4 million, an increase of 15% over 1992 revenue of \$378.9 million. Net income after taxes was \$8.2 million (\$0.40 per share), compared to \$507,000 (\$0.03 per share) in 1992.

During 1993, approximately 78% of ISM's revenue was derived from systems operations,

10% from system integration services, and 12% from function management services.

**Interim Results**—ISM recorded first quarter 1994 revenues of \$111.1 million. This represents an increase of 7% over the first quarter of 1993 when adjusted for the exclusion of revenues from the resale of voice and data lines, a business which ISM exited in 1993. Net income for the quarter was \$2.9 million, or \$0.14 per share, an improvement of more than 80% over the first quarter of 1993.

### **Market Financials**

Approximately 70% of ISM's 1993 revenue is derived from Canadian federal and provincial governments and utilities. The remaining 30% is derived from Canadian and international clients in various industries, including manufacturing, telecommunications, retail and wholesale trade, finance and banking, securities and medical services.

### **Divestitures**

ISM divested itself of business operations concerned with the resale of voice and data communications lines in 1993.

### **Key Products and Services**

ISM is engaged in the following business segments:

- **Systems Operations**—includes a range of services, from running a client's on-site computer facility to complete system management on ISM's premises. ISM performs most systems management for its customers at one or more of its nine computing centers across Canada. ISM computing centers incorporate a comprehensive range of computing platforms and operating

environments, with aggregate performance capabilities exceeding 4,000 MIPS.

- **Network Management**—includes the planning, management and maintenance of in-place customer networks (local and wide-area) and linking customers to ISM's computer centers. ISM also offers an array of network design and operational services.
- **Systems Integration**—includes planning, acquisition, implementation and integration of hardware, software, network components and professional services in support of a "total solution."
- **Function Management**—extends the outsourcing arrangement beyond information systems management to the full range of services required to perform an entire business function. Integrates staffing, administration, data processing, communications, printing/mailling/distribution and other services that are typically aligned with information systems management functions. Examples include customer service, customer support, invoicing, billing and claims management.
- **Client/Server**—provides clients with comprehensive management of client/server networks and distributed processing environments, along with assistance in migrating or implementing new applications into the client/server environment.

ISM also offers services in the following areas:

- **Imaging**—includes data capture, high-speed electronic printing, mailing and distribution services for applications such as billing, on-demand publishing or invoice processing. ISM imaging services are provided through an integrated facility in Mississauga, Ontario, that

is linked to ISM computer centers across the country.

- **Midrange Services**—ISM Midrange Services provide outsourcing solutions for customers whose businesses operate on standalone or networked midrange systems. The business unit provides a full suite of service offerings—from systems operations and network management to function management—and manages multiple architectures including IBM AS/400, Tandem, DEC, STRATUS and Hewlett-Packard.
- **Securities Industry Services**—offers a wide range of application services to Canada's leading securities dealers, brokerage firms and the treasury departments of major Canadian banks. Its primary services include:
  - Back-office accounting and trade processing systems
  - Order Management System, for matching buy and sell orders, routing them to the floor of the exchange, and confirming order execution.
  - Message Switch Service, for efficient communications between brokers' branch offices
  - Principal Trading System, an automated trading system to support the trading of debt instruments
  - Custom Software Development, such as the design, development and implementation of the Bond Futures Trading System for SIA in Milan (Italy)
- **Library Information Services**—the preeminent provider of automated systems and services to



libraries in Canada, Japan, Korea and Taiwan. LIS manages a 60 million-record bibliographic data base from the National Library of Canada, the U.S. Library of Congress, the British Library, the National Libraries of Japan, Australia, and New Zealand and the Bibliotheque Nationale du Quebec for use by university, public, government and corporate libraries throughout the world.

- *Educational and Occupational Services*—ISM distributes CHOICES, a family of software packages used in high schools to help students decide which careers to follow. The software is used in Canada, the U.S. and Europe.

### Computer Hardware and Software

ISM has nine computing centers in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal and Moncton with systems from IBM, Hitachi, Amdahl, DEC, Tandem, Unisys, HP and Wang installed.

ISM also provides support for a range of operating systems and applications software.

### Clients

ISM-BC's expanding client portfolio includes utilities, resource companies, and major retailers in the province.

- ISM-BC manages all mainframe-based processing and data communications services for B.C. TEL. Other customers include the Overwaitea Food Group, BC Gas and the APTC consortium of cellular companies.

ISM Alberta customers include a variety of corporations including AGT, Ltd. and Mark's Work Wearhouse, as well as a number of companies in the oil and gas utilities market.

- ISM Alberta manages client/server networks for Alberta Municipal Affairs using Symphonics; helps to manage Stentor's long-distance calling card service; and operates Shell's company-wide PROFS electronic mail system.

ISM Saskatchewan customers include SaskPOWER, the provincial power authority in Saskatchewan; SaskTel, the provincial telecommunications company; and a variety of corporations.

- ISM recently extended its partnership with SaskTel to manage the telephone company's network, prepare bills and provide other services. The company also developed and helped to implement a cost-saving Health Services card renewal system for Saskatchewan Health.

ISM Manitoba clients include The Canadian Wheat Board, Manitoba Telephone System, Manitoba Hydro, Manitoba Public Insurance Corporation, the Workers' Compensation Board of Manitoba, the Manitoba Health Services Commission and various hospitals and Manitoba government departments.

- In 1993, Kleysen Transport Ltd. and the Freshwater Fish Marketing Corporation also selected ISM as a partner to provide a wide range of information technology support.

ISM Ontario clients include Citibank, Consumers Distributing, Granada Canada, Diners Club, The Personal Insurance Co. of Canada and Reuters.

- ISM is helping the Globe and Mail to re-engineer several processes for greater efficiency and is responsible for processing the newspaper's advertising, circulation, personnel,

bookkeeping, purchasing, billing, payables and receivables.

- ISM is helping PHH, a \$2 billion fleet vehicle leasing company, to maintain and enhance its client/server system and other operations. ISM's Midrange group is using its cross-platform tools and expertise to bring older applications over to an AS/400 server.

ISM Securities Industry Services serves brokers and financial institutions. Customers include Levesque Beaubien Geoffrion, TD Greenline and the Vienna Stock Exchange.

- First Marathon Securities Ltd. selected SIS to implement a new order management system for the retail sales force at its discount broker, Marathon Brokerage.
- ISM worked with TD Greenline to implement MicroMax, Canada's first 24-hour on-line discount brokerage system available directly to customers via PC.

ISM Federal serves more than a dozen Federal government clients, including Revenue Canada—Customs and Excise, the Department of National Defense, Employment and Immigration Canada, Agriculture Canada, Communications Canada, Health and Welfare Canada and agencies such as the Canadian International Development Agency.

- ISM implemented and manages the innovative Open Bidding Services (OBS) system for Supply and Services Canada (SSC), the agency responsible for Federal government procurement. The OBS system provides companies who wish to bid on government contracts with on-line access to RFPs and complete bidding documentation. Users may also order hardcopy of this material on-line, if

desired. As part of its agreement, ISM handles the printing and distribution of this material to the prospective bidder. ISM has helped SSC to defray the taxpayer cost of operating this system by charging bidders a fee for retrieved and printed documents.

- INSIGHT is ISM's on-line information database, which provides access to corporate data supplied by the Canadian federal government on trademarks and patents, intercorporate ownerships, and bankruptcies; data on Canadian manufacturers; and data for the legal community.
- Southam Business Communications is marketing ISM's on-line INSIGHT electronic information service, which provides subscribers access to federal government data bases, which are based on ISM's WISDOM information retrieval system.
- ISM Federal also serves a number of private organizations, such as Ottawa General Hospital.

Datacor/ISM Atlantic serves customers in the private and public sectors with systems operations and network management services.

- Datacor/ISM Atlantic prepares all telephone and power bills in New Brunswick and runs an on-line insurance claim network in conjunction with Blue Cross. In addition, it was selected to join a consortium that will study and recommend ways to overhaul the Medicare system in New Brunswick.

### Alliances

ISM has alliances with several Canadian companies. These alliances combine ISM's strength in the outsourcing and management of



information systems with the varied areas of expertise of its partners. Among ISM's alliance partners are:

- IBM Canada—Canada's largest computer company—is both an alliance partner and 51% owner of ISM Information Systems Management Corporation.
- TELUS Corporation—the telecommunications company—is a partner in ISM Alberta, an ISM-affiliated company.
- B.C. Tel—The British Columbia telephone company—is a partner in ISM (B.C.) Corporation.
- The New Brunswick Telephone Company and Blue Cross of Atlantic Canada are partners in Datacor/ISM Information Systems Management Atlantic Corp., an ISM-affiliated company.
- The DMR Group—a leading Canadian technology and services company—is a partner in several ISM contracts.



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**ISM INFORMATION SYSTEMS  
MANAGEMENT CORPORATION**

One Research Drive  
Regina, Saskatchewan  
Canada S4S 7H1  
Phone: (306) 781-5151  
Fax: (306) 781-5382

President & CEO: J. Gordon Garrett  
Status: Public  
Employees: 3,000  
Total Revenue: \$378,894,000\*  
Info. Services Revenue: \$341,004,600  
FYE: 12/31/92  
(\* Canadian)

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**Key Points**

- In 1992, ISM Information Systems Management Corporation (ISM) expanded its capabilities into all regions of Canada.
- ISM strengthened its presence in the Alberta region with the formation of ISM Alberta, a strategic partnership between ISM and TELUS Corporation. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Datacor/ISM Information Systems Management Atlantic Corp., is ISM's newest affiliated company.
- ISM restructured its services to the central Ontario region by creating Enterprise Services, and combining Securities Industry Services with Imaging and Midrange Services.
- In 1992, 10% of ISM's revenue came from function management services, which involved the outsourcing of major administrative functions.
- ISM, IBM Canada, and DMR announced an alliance to jointly market system operations and application development outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM is well-positioned for continued revenue growth in 1993, continuing their expansion in the commercial sector.

**Company  
Description**

ISM Information Systems Management Corporation (ISM) was formed in mid-1991 with the merger of STM Systems Corp. of Toronto and Westbridge Computer Corporation of Regina to provide systems and network management services to business and government.

- Effective June 25, 1991, Westbridge completed agreements with STM's parent, International Semi-Tech Microelectronics, Inc. (ISTM) and IBM Canada Ltd. whereby Westbridge acquired 100% of the outstanding shares of STM, and IBM made an investment in the new company.
- Consideration for the purchase of STM included \$10.2 million in cash, 4.4 million shares of Westbridge common stock, \$10 million of subordinate debentures, and a \$2 million promissory note.
- IBM purchased the 4.4 million common shares (27%) for approximately \$7.2 million and signed a five-year marketing agreement with Westbridge. IBM also received options to increase its ownership at any time to 51% through the issue of treasury shares and the purchase of shares from Saskatchewan Telecommunications (SaskTel), Westbridge's major shareholder.
- Following the acquisition of STM and the investment by IBM, Mr. J. Gordon Garrett was appointed President and CEO. A new executive management team was announced by Mr. Garrett at the company's annual meeting in August 1991.
- In December 1991, Westbridge changed its name to ISM in order to identify with the company's core business of managing large, complex information systems and networks for businesses and the government.
- As a result of the above activities, effective December 31, 1991, SaskTel held 26% of ISM's common shares, ISTM held 23% of ISM's common shares, and IBM held 28% of ISM's common shares.
- In June 1992, IBM Canada increased its interest in ISM to 51% by purchasing nearly 3.9 million shares of ISM common stock from SaskTel for about \$40 million.

## Organization/ Structure

ISM's current operational structure is organized across various geographic and vertical market regions including offices in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. ISM has also organized around key markets and technology including Federal Government, Securities Industry Services, Enterprise Services, Library Information Services, and ISM Midrange and Imaging Services, each of which provides services to government and large commercial entities.

### *ISM Offices*

ISM Saskatchewan, headquartered in Regina (Saskatchewan), should generate revenue in excess of \$65 million in 1993.

ISM Manitoba, headquartered in Winnipeg, is expected to generate 1993 revenue of \$50 million. ISM Manitoba began 1993 with a new, state-of-the-art computing facility in Winnipeg. Newly acquired Utlas International will operate as ISM Library Information Services, a subsidiary of ISM Manitoba.

ISM Enterprise Services, headquartered in Toronto, is responsible for systems operation and network management for ISM's computing centers across Canada and hundreds of thousands of customer terminals. ISM expects 1993 ISM Enterprise Services revenue will exceed \$70 million in 1993.

ISM's Securities Industry Services unit, headquartered in Toronto, is expected to generate 1993 revenue in excess of \$55 million.

ISM Midrange and Imaging Services provides data capture, high-speed electronic printing, mailing and distribution services. These ISM services operate from an integrated facility in Mississauga, Ontario, and can connect to ISM's other centers across the country. ISM Midrange Services unit provides a full suite of service offerings from systems operations and network management to function management. The unit manages multiple architectures ranging from IBM AS/400, Tandem, and DEC, to STRATUS and Hewlett-Packard.

ISM Federal, headquartered in Ottawa, provides information systems management services to the Canadian federal government and commercial clients. Revenues from this unit are expected to exceed \$70 million in 1993. ISM Federal operates two large computing centers in Ottawa and has 600 employees.

ISM Quebec, headquartered in Montreal, is expected to generate revenue of \$4 million in 1993.

*Affiliated Companies*

ISM BC, jointly owned by ISM and B.C. Tel, offers systems management and systems operations services to utilities and other organizations. ISM estimates that ISM BC's 1993 revenue is expected to exceed \$85 million.

ISM Alberta is a strategic partnership between ISM and the TELUS Corporation. This partnership combines ISM's outsourcing and computing expertise with the telecommunications expertise of TELUS. ISM Alberta is expected to generate revenue in excess of \$50 million in 1993.

Datacor/ISM Atlantic is ISM's newest affiliated company and provides systems operations management services on a variety of host and midrange systems and management of data network and business LAN/WAN services. The company also operates value-added networks, including NB\*NET, CLAIMNET, and CMS.

**Financials**

The six-month period from July 1 to December 31, 1991, was the first period that ISM operated as a unit. Revenue for this period was \$144.5 million, income from continuing operations before taxes was \$5.6 million, and net income after discontinued operations and taxes was \$1.1 million.

In 1992, total revenue for ISM was \$378.9 million and net income after taxes was \$507,000, or \$0.03 per share. Revenue was up 31% compared to the last six months of 1991 annualized (the only comparable time period).

During 1992, approximately 80% of ISM's revenue was derived from systems operations, 10% from system integration services, and 10% from function management services, which involves the outsourcing of major administrative functions.

ISM recorded first quarter 1993 revenues of \$112 million, a 19% increase over first quarter revenues of 1992. Net income was \$1.6 million or \$0.08 per share.

**Acquisitions/  
Divestitures***Acquisitions*

- In December 1992, ISM acquired Utlas International. Utlas International provides library information services nationally and internationally. Utlas has revenues of about \$13 million. ISM intends to operate Utlas as ISM Library Information Services.

- In January 1992, ISM acquired certain assets of Securities Industry Services (SIS) from IBM Canada Ltd. for \$11.6 million, financed through \$10 million of new ISM treasury shares and a \$1.6 million promissory note.

### *Divestitures*

Divestitures made by ISM/Westbridge include the following:

- In April 1992, ISM sold the Ontario operations of its computer output microfiche (COM) service to Xebec Imaging Services Inc., an employee-owned company with operations in Markham and Ottawa.
  - ISM will continue to provide COM services in Ontario through a marketing agreement between ISM and Xebec. In addition, Xebec will use ISM for processing and on-line data communications services, as required, to deliver its COM services.

### **Alliances**

- In 1992, ISM and TELUS Corporation successfully negotiated the formation of a new information technology services company in Alberta that will focus on outsourcing, called ISM Alberta. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Datacor/ISM Information Systems Management Atlantic Corp. is ISM's newest affiliated company. In November 1992, ISM acquired an investment in Datacor.
- ISM, IBM Canada, and DMR announced an alliance to jointly market system operations and application development outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM Information Systems Management (B.C.) Corporation (ISM-BC) is a new outsourcing joint venture formed in late 1991 between ISM and B.C. Tel.
  - ISM-BC, based in Vancouver, provides systems management and systems operations services to new and existing customers. The core of the new company was formed by the B.C. Tel computer operations organization.

- Although British Columbia is its initial market, the company is positioned to expand into other markets in the future. The services are marketed by B.C. Tel and IBM Canada.
- B.C. Tel owns 51% of the company (through North-west Tel), while ISM owns 49%.

### Key Products and Services

During 1992, approximately 80% of ISM's revenue was derived from systems operations services. Ten percent of remaining revenue was from system integration services, and 10% from function management services, which involve the outsourcing of major administrative functions.

ISM currently defines its primary business segments as follows:

- *Systems Operations Services* - range from the management of a client's on-site computer facility to complete system management on ISM's premises. ISM has nine computing centers across Canada with a total of 2,500 MIPS installed.
- *Network Management Services* - include maintenance of the network, linking customers to ISM's computer centers, and the management of cross-Canada customer networks. Network design and operational services, including LAN/WAN support, are available.
- *Systems Integration Services* - include developing complex applications in support of systems operations and network management, hardware, software applications, and professional services in support of a "total solution."
- *Function Management Services* - are considered a natural extension of information systems management in which an organization outsources an entire business area such as customer support or payment and claims support.

ISM also offers services in the following areas:

- *Imaging Services* - offer scanning of bills and payment information, invoice mailing, and cut sheet and continuous form laser printing.
- *Client/Server Computing Services* - provide client organizations with the complete management of client/server networks and implementation of new applications in a client/server environment.
- *Midrange Services* - as part of ISM's growing systems management offerings, Midrange Services provides customers with outsourcing



solutions for midrange systems on a standalone basis or integrated in a large network.

- *Securities Industry Services* - offers a wide range of application services to Canada's leading securities dealers (or brokerage firms) and to the treasury departments of major Canadian banks. Primary services offerings include:
  - Back office Accounting and Trade Processing
  - Order Management System, for matching buy and sell orders, routing them to the floor of the exchange, and confirming order execution
  - Message Switch Service, for communications between brokers' branch offices
  - Principal Trading System, an automated trading system to support the trading of debt instruments
  - Custom Software Development, as exemplified by a project for SIA in Milan, Italy, to design, develop, and implement a Bond Futures Trading System
- *Library Information Services* - manages a 60 million-record bibliographic data base from the National Library of Canada, the U.S. Library of Congress, the British Library, the National Libraries of Japan, Australia, and New Zealand, and the Bibliotheque Nationale du Quebec for use by university, public, government and corporate libraries throughout the world.

ISM Library Information Services is the preeminent provider of automated systems and services to libraries in Canada, Japan, Korea and Taiwan.

ISM also offers CHOICES, a family of software packages used in high schools to help students decide which careers to follow. The software is used in Canada, the U.S., and Europe.

## Clients

ISM-BC's expanding client portfolio includes utilities, resource companies, and major retailers in the province.

- ISM-BC manages all mainframe-based processing and data communications services for B.C. TEL.

ISM Alberta customers include a variety of corporations including AGT, Ltd. and a number of companies in the oil and gas utilities market.

- ISM operates Shell's company wide PROFS electronic mail system on an outsourcing basis, supplying hardware, software, operations, and systems and network support for more than 4,000 Shell Canada employees.

ISM Saskatchewan customers include SaskPOWER, the provincial power authority in Saskatchewan; SaskTel, the provincial telecommunications company; and a variety of corporations.

- For SaskPOWER, ISM implemented a geographic information system for engineers, operators, and managers to access provincial maps and electric facilities information. The data is stored on a mainframe at ISM's computing center and accessed by a network of engineering workstations.

ISM Manitoba clients include The Canadian Wheat Board, Manitoba Telephone System, Manitoba Hydro, Manitoba Public Insurance Corporation, the Workers' Compensation Board of Manitoba, the Manitoba Health Services Commission, and various hospitals and Manitoba government departments.

- ISM is providing the Workers' Compensation Board with financial and administrative processing in support of corporate registry, assessments, claims, and pensions.

ISM Enterprise Services clients include Citibank, Consumers Distributing, Granada, Canada, The Personal Insurance Co. of Canada and Reuters.

- ISM provides data processing operations and technical support to York University through ISM's computing center in Toronto.

ISM SIS/Imaging and Midrange Services serves brokers financial institutions, and a wide range of industrial customers.

- First Marathon Securities Ltd. selected SIS to implement a new order management system for the retail sales force at its discount broker, Marathon Brokerage.

ISM Federal serves more than a dozen Federal government clients, including Revenue Canada--Customs and Excise, Employment and Immigration Canada, Agriculture Canada, Communications Canada, Health and Welfare Canada, and agencies such as the Canadian International Development Agency.

- ISM was the prime contractor for a new IBM PS/2-based communications platform for the Canadian Forces payroll system at the Department of National Defence. Under this systems integration contract, ISM provided 400 IBM machines, pre-configuration and staging, installation, maintenance, project management, training, and hotline support.
- In February 1992, ISM was awarded a five-year, \$25 million contract to operate the Open Bidding Service for Supply and Service Canada's new on-line procurement system.
- ISM Federal also serves a number of private organizations, such as Ottawa General Hospital.
- Southam Business Communications is marketing ISM's on-line INSIGHT electronic information service, which provides subscribers access to federal government data bases, which are based on ISM's WISDOM information retrieval system.
- INSIGHT is ISM's on-line information data base, which provides access to corporate data supplied by the Canadian federal government on trademarks and patents, intercorporate ownerships, and bankruptcies; data on Canadian manufacturers; and data for the legal community.

Datacor/ISM Atlantic serves customers in the private and public sectors with systems operations and network management services.

- The company also offers services in the emerging imaging services business. Currently, Datacor/ISM Atlantic prints all telephone and power bills in New Brunswick.

### **Industry Markets**

Approximately 70% of ISM's 1992 revenue is derived from Canadian federal and provincial governments, and utilities. The remaining 30% is derived from clients in various industries, including manufacturing, retail, wholesale, telecommunications, and medical.

### **Geographic Markets**

Approximately 99% of ISM's 1992 revenue was derived from Canada. The remainder was derived equally from the U.S. and other international sources.

ISM's international revenue for 1992 is \$4 million.

- ISM securities processing systems are used by the Madrid Stock Exchange, Kredietbank of Brussels, Rabobank (the Netherlands),

and for trading primary and secondary reserves between 1,200 banks in Italy.

- ISM performed systems integration services relating to a ticketing and reservation system for the Shun Tak Ferries Ltd.'s ferry services in Hong Kong.

ISM-BC has an office in Vancouver.

ISM Alberta has offices in Calgary and Edmonton.

ISM Saskatchewan has offices in Regina.

ISM Manitoba has an office in Winnipeg.

ISM Enterprise Services has offices in Mississauga, and North York.

ISM Securities Industry Services has offices in Toronto and Montreal.

ISM Midrange and Imaging Services has offices in North York.

ISM Federal has two offices in Ottawa.

ISM Quebec has an office in Montreal.

Datacor/ISM has offices in Moncton.

### **Computer Hardware and Software**

ISM has nine computing centers in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, and Moncton with systems from IBM, Hitachi, Amdahl, DEC, Tandem, Unisys, HP, and Wang installed.

ISM also provides support for a range of operating systems and applications software.

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**ISM INFORMATION SYSTEMS  
MANAGEMENT CORPORATION**

One Research Drive  
Regina, Saskatchewan  
Canada S4S 7H1  
Phone: (306) 781-5151  
Fax: (306) 781-5382

President & CEO: J. Gordon Garrett  
Status: Public  
Employees: 3,000  
Total Revenue: \$378,894,000\*  
Info. Services Revenue: \$341,004,600  
FYE: 12/31/92  
(\* Canadian)

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**Key Points**

- In 1992, ISM Information Systems Management Corporation (ISM) expanded its capabilities into all regions of Canada.
- ISM strengthened its presence in the Alberta region with the formation of ISM Alberta, a strategic partnership between ISM and TELUS Corporation. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Datacor/ISM Information Systems Management Atlantic Corp., is ISM's newest affiliated company.
- ISM restructured its services to the central Ontario region by creating Enterprise & Network Services, and combining Securities Industry Services with Imaging and Midrange Services.
- In 1992, 10% of ISM's revenue came from function management services, which involved the outsourcing of major administrative functions.
- ISM, IBM Canada, and DMR announced an alliance to offer computing outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM is well positioned for continued revenue growth in 1993, continuing their expansion in the commercial sector.

**Company  
Description**

ISM Information Systems Management Corporation (ISM) was formed in mid-1991 with the merger of STM Systems Corp. of Toronto and Westbridge Computer Corporation of Regina to provide systems and network management services to business and government.

- Effective June 25, 1991, Westbridge completed agreements with STM's parent, International Semi-Tech Microelectronics, Inc. (ISTM) and IBM Canada Ltd. whereby Westbridge acquired 100% of the outstanding shares of STM, and IBM made an investment in the new company.
- Consideration for the purchase of STM included \$10.2 million in cash, 4.4 million shares of Westbridge common stock, \$10 million of subordinate debentures, and a \$2 million promissory note.
- IBM purchased the 4.4 million common shares (27%) for approximately \$7.2 million and signed a five-year marketing agreement with Westbridge. IBM also received options to increase its ownership at any time to 51% through the issue of treasury shares and the purchase of shares from Saskatchewan Telecommunications (SaskTel), Westbridge's major shareholder.
- Following the acquisition of STM and the investment by IBM, Mr. J. Gordon Garrett was appointed President and CEO. A new executive management team was announced by Mr. Garrett at the company's annual meeting in August 1991.
- In December 1991, Westbridge changed its name to ISM in order to identify with the company's core business of managing large, complex information systems and networks for businesses and the government.
- As a result of the above activities, effective December 31, 1991, SaskTel held 26% of ISM's common shares, ISTM held 23% of ISM's common shares, and IBM held 28% of ISM's common shares.
- In June 1992, IBM Canada increased its interest in ISM to 51% by purchasing nearly 3.9 million shares of ISM common stock from SaskTel for about \$40 million.



## Organization/ Structure

ISM's current operational structure is organized across various geographic and vertical market regions including offices in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. ISM has also organized around key markets and technology including Federal Government, Securities Industry Services, Network Management Services, Library Information Services, and ISM Midrange and Imaging Services, each of which provides services to government and large commercial entities.

### *ISM Offices*

ISM Saskatchewan headquartered in Regina (Saskatchewan), should generate revenue in excess of \$65 million in 1993.

ISM Manitoba, headquartered in Winnipeg, is expected to generate 1993 revenue of \$50 million. ISM Manitoba began 1993 with a new, state-of-the-art computing facility in Winnipeg. Newly acquired Utlas International will operate as ISM Library Information Services, a subsidiary of ISM Manitoba.

ISM Enterprise and Network Management Services, headquartered in Toronto, is responsible for systems operation and network management for ISM's computing centers across Canada and hundreds of thousands of customer terminals. ISM expects ISM Enterprise and Network Management Services revenue will exceed \$70 million in 1993.

ISM's Securities Industry Services unit, headquartered in Toronto, is expected to generate 1993 revenue in excess of \$55 million.

ISM Midrange and Imaging Services provides data capture, high-speed electronic printing, mailing and distribution services. These ISM services operate from an integrated facility in Mississauga, Ontario, and can connect to ISM's other centers across the country. ISM Midrange Services unit provides a full suite of service offerings from systems operations and network management to function management. The unit manages multiple architectures ranging from IBM AS/400, Tandem, and DEC, to STRATUS and Hewlett-Packard.

ISM Federal, headquartered in Ottawa, provides information systems management services to the Canadian federal government and commercial clients. Revenues from this unit are expected to exceed \$70 million in 1993. ISM Federal operates two large computing centers in Ottawa and has 600 employees.

ISM Quebec, headquartered in Montreal, is expected to generate revenue of \$4 million in 1993.



*Affiliated Companies*

ISM Alberta is a strategic partnership between ISM and the TELUS Corporation. This partnership combines ISM's outsourcing and computing expertise with the telecommunications expertise of TELUS. ISM Alberta is expected to generate revenue in excess of \$50 million in 1993.

ISM BC, jointly owned by ISM and BCTel, offers systems management and systems operations services to utilities and other organizations. ISM estimates that ISM-BC's 1993 revenue is expected to exceed \$85 million.

Datacor/ISM Atlantic is ISM's newest affiliated company and provides systems operations management services on a variety of host and midrange systems and management of data network and business LAN/WAN services. The company also operates value-added networks, including NB\*NET, CLAIMNET, and CMS.

**Financials**

The six-month period from July 1 to December 31, 1991, was the first period that ISM operated as a unit. Revenue for this period was \$144.5 million, income from continuing operations before taxes was \$5.6 million, and net income after discontinued operations and taxes was \$1.1 million.

In 1992, total revenue for ISM was \$378.9 million and net income after taxes was \$507,000, or \$0.03 per share. Revenue was up 31% compared to the last six months of 1991 annualized (the only comparable time period).

During 1992, approximately 80% of ISM's revenue was derived from systems operations, 10% from system integration services, and 10% from function management services, which involves the outsourcing of major administrative functions.

ISM recorded first quarter 1993 revenues of \$112 million, a 19% increase over first quarter revenues of 1992. Net income was \$1.6 million or \$0.08 per share.

**Acquisitions/  
Divestitures***Acquisitions*

- In December 1992, ISM acquired Utlas International. Utlas International provides library information services nationally and internationally. Utlas has revenues of about \$13 million. ISM intends to operate Utlas as ISM Library Information Services.



- In January 1992, ISM acquired certain assets of Securities Industry Services (SIS) from IBM Canada Ltd. for \$11.6 million, financed through \$10 million of new ISM treasury shares and a \$1.6 million promissory note.

### *Divestitures*

Divestitures made by ISM/Westbridge include the following:

- In April 1992, ISM sold the Ontario operations of its computer output microfiche (COM) service to Xebec Imaging Services Inc., an employee-owned company with operations in Markham and Ottawa.
- ISM will continue to provide COM services in Ontario through a marketing agreement between ISM and Xebec. In addition, Xebec will use ISM for processing and on-line data communications services, as required, to deliver its COM services.

### **Alliances**

- In 1992, ISM, IBM Canada, and TELUS Corporation successfully negotiated the formation of a new information technology services company in Alberta that will focus on outsourcing, called ISM Alberta. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Datacor/ISM Information Systems Management Atlantic Corp. is ISM's newest affiliated company. In November 1992, ISM acquired an investment in Datacor.
- ISM, IBM Canada, and DMR announced an alliance to offer computer outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM Information Systems Management (B.C.) Corporation (ISM-BC) is a new outsourcing joint venture formed in late 1991 between ISM and B.C. Tel.
- ISM-BC, based in Vancouver, provides systems management and systems operations to new and existing customers. The core of the new company was formed by the B.C. Tel computer operations organization.

- Although British Columbia is its initial market, the company is positioned to expand into other markets in the future. The services are marketed by B.C. Tel and IBM Canada.
- B.C. Tel owns 51% of the company (through North-west Tel), while ISM owns 49%.

### Key Products and Services

During 1992, approximately 80% of ISM's revenue was derived from systems operations services. Ten percent of remaining revenue was from system integration services, and 10% from function management services, which involve the outsourcing of major administrative functions.

ISM currently defines its primary business segments as follows:

- *Systems Operations Services* - range from the management of a client's on-site computer facility to complete system management on ISM's premises. ISM has nine computing centers across Canada with a total of 2,500 MIPS installed.
- *Network Management Services* - include maintenance of the network linking customers to ISM's computer centers, and the management of cross-Canada customer networks. Network design and operational services, including LAN/WAN support, are available.
- *Systems Integration Services* - include developing complex applications in support of systems operations and network management, hardware, software applications, and professional services in support of a "total solution."
- *Function Management Services* - are considered a natural extension of information systems management in which an organization outsources an entire business area such as customer support or payment and claims support.

ISM also offers services in the following areas:

- *Imaging Services* - offer scanning of bills and payment information, invoice mailing, and cut sheet and continuous form laser printing.
- *Client/Server Computing Services* - provide client organizations with the complete management of client/server networks and implementation of new applications in a client/server environment.
- *Midrange Services* - as part of ISM's growing systems management offerings, Midrange Services provides customers with outsourcing

solutions for midrange systems on a standalone basis or integrated in a large network.

- *Securities Industry Services* - offers a wide range of application services to Canada's leading securities dealers (or brokerage firms) and to the treasury departments of major Canadian banks. Primary services offerings include:
  - Back office Accounting and Trade Processing
  - Order Management System, for matching buy and sell orders, routing them to the floor of the exchange, and confirming order execution.
  - Message Switch Service, for communications between brokers' branch offices.
  - Principal Trading System, an automated trading system to support the trading of debt instruments.
  - Custom Software Development, as exemplified by a project for SIA in Milan, Italy, to develop and support an Electronic Mailbox System.
- *Library Information Services* - manages a 60 million-record bibliographic data base from the National Library of Canada, the U.S. Library of Congress, the British Library, the National Libraries of Japan, Australia, and New Zealand, and the Bibliotheque Nationale du Quebec for use by university, public, government and corporate libraries throughout the world.

ISM Library Information Services is the preeminent provider of automated systems and services to libraries in Canada, Japan, Korea and Taiwan.

ISM also offers CHOICES, a family of software packages used in high schools to help students decide which careers to follow. The software is used in Canada, the U.S., and Europe.

## Clients

ISM Alberta customers include a variety of corporations including AGT, Ltd. and a number of companies in the oil and gas utilities market.

- ISM operates Shell's company-wide PROFS electronic mail system on an outsourcing basis, supplying hardware, software, operations,

and systems and network support for more than 4,000 Shell Canada employees.

ISM Saskatchewan customers include SaskPOWER, the provincial power authority in Saskatchewan; SaskTel, the provincial telecommunications company; and a variety of corporations.

- For SaskPOWER, ISM implemented a geographic information system for engineers, operators, and managers to access provincial maps and electric facilities information. The data is stored on a mainframe at ISM's computing center and accessed by a network of engineering workstations.

ISM Manitoba clients include The Canadian Wheat Board, Manitoba Telephone System, Manitoba Hydro, Manitoba Public Insurance Corporation, the Workers' Compensation Board of Manitoba, the Manitoba Health Services Commission, and various hospitals and Manitoba government departments.

- ISM is providing the Workers' Compensation Board with financial and administrative processing in support of corporate registry, assessments, claims, and pensions.

ISM Enterprise and Network Management Services clients include Citibank, Consumers Distributing, Granada, Canada, The Personal Insurance Co. of Canada and Reuters.

- ISM provides data processing operations and technical support to York University through ISM's computing center in Toronto.

ISM Federal serves more than a dozen Federal government clients, including Revenue Canada--Customs and Excise, Employment and Immigration Canada, Agriculture Canada, Communications Canada, Health and Welfare Canada, and agencies such as the Canadian International Development Agency.

- ISM was the prime contractor for a new IBM PS/2-based communications platform for the Canadian Forces payroll system at the Department of National Defence. Under this systems integration contract, ISM provided 400 IBM machines, pre-configuration and staging, installation, maintenance, project management, training, and hotline support.
- In February 1992, ISM was awarded a five-year, \$25 million contract to operate the Open Bidding Service for Supply and Service Canada's new on-line procurement system.

- ISM Federal also serves a number of private organizations, such as Ottawa General Hospital.
- Southam Business Communications is marketing ISM's on-line INSIGHT electronic information service, which provides subscribers access to federal government data bases, which are based on ISM's WISDOM information retrieval system.
- INSIGHT is ISM's on-line information data base, which provides access to corporate data supplied by the Canadian federal government on trademarks and patents, inter-corporate ownerships, and bankruptcies; data on Canadian manufacturers; and data for the legal community.

### **Industry Markets**

Approximately 70% of ISM's 1992 revenue is derived from Canadian federal and provincial governments, and utilities. The remaining 30% is derived from clients in various industries, including manufacturing, retail, wholesale, telecommunications, and medical.

### **Geographic Markets**

Approximately 99% of ISM's 1992 revenue was derived from Canada. The remainder was derived equally from the U.S. and other international sources.

ISM's international revenue for 1992 is \$4 million.

- ISM securities processing systems are used by the Madrid Stock Exchange, Kredietbank of Brussels, Rabobank (the Netherlands), and for trading primary and secondary reserves between 1,200 banks in Italy.
- ISM performed systems integration services relating to a ticketing and reservation system for the Shun Tak Ferries Ltd.'s ferry services in Hong Kong.

ISM-BC has an office in Vancouver.

ISM Alberta has offices in Calgary and Edmonton.

ISM Saskatchewan has offices in Regina.

ISM Manitoba has an office in Winnipeg.

ISM Enterprise and Network Services has offices in Mississauga, and North York.

ISM Securities Industry Services has offices in Toronto and Montreal.

ISM Midrange and Imaging Services has offices in North York.

ISM Federal has two offices in Ottawa.

ISM Quebec has an office in Montreal.

Datacor/ISM has offices in Moncton.

**Computer  
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ISM has nine computing centers in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, and Moncton with systems from IBM, Hitachi, Amdahl, DEC, Tandem, Unisys, HP, and Wang installed.

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- ISM strengthened its presence in the Alberta region with the formation of ISM Alberta, a strategic partnership between ISM and TELUS Corporation. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Dacacor/ISM Information Systems Management Atlantic Corp., is ISM's newest affiliated company.
- ISM restructured its services to the Central Ontario region and downsized the service unit for that region. This downsizing comes about as a result of the continued economic downturn in Central Canada.
- In 1992, 10% of ISM's revenue came from function management services, which involved the outsourcing of major administrative functions.
- ISM, IBM Canada, and DMR announced an alliance to offer computer outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM is well positioned for continued revenue growth in 1993, continuing their expansion in the commercial sector.

**Company  
Description**

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- As a result of the above activities, effective December 31, 1991, SaskTel held 26% of ISM's common shares, ISTM held 23% of ISM's common shares, and IBM held 28% of ISM's common shares.
- In June 1992, IBM Canada increased its interest in ISM to 51% by purchasing nearly 3.9 million shares of ISM common stock from SaskTel for about \$40 million.





## Organization/ Structure

ISM's current operational structure is organized across various geographic and vertical market regions including offices in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. ISM has also organized around key markets and technology including Federal, Securities Industry Services, Network Management Services, Library Information Services, and ISM Midrange and Imaging Services, each of which provides services to government and large commercial entities.

### *ISM Offices*

ISM Saskatchewan headquartered in Regina (Saskatchewan), should generate revenue in excess of \$65 million in 1993.

ISM Manitoba, headquartered in Winnipeg, is expected to generate 1993 revenue of \$50 million. ISM Manitoba began in 1993 with a new, state-of-the-art computing facility in Winnipeg. Newly acquired Utlas International will operate as ISM Library Information Services, a subsidiary of ISM Manitoba.

ISM Quebec, headquartered in Montreal, is expected to generate revenue of \$4 million in 1993.

ISM Federal, headquartered in Ottawa, provides information systems management services to the Canadian federal government and commercial clients. Revenues from this unit are expected to exceed \$70 million in 1993. ISM Federal operates two large computing centers in Ottawa and has 500 employees.

ISM's Securities Industry Services unit, headquartered in Toronto, is expected to generate 1993 revenue in excess of \$55 million.

ISM Enterprise and Network Management Services, headquartered in Toronto, is responsible for systems operation and network management for ISM's computing centers across Canada and hundreds of thousands of customer terminals. ISM expects ISM Enterprise and Network Management Services revenue will exceed \$70 million in 1993.

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In 1992, total revenue for ISM was \$378.9 million and net income after taxes was \$507,000, or \$0.03 per share. Revenue was up 31% compared to the last six months of 1991 annualized (the only comparable time period).

During 1992, approximately 80% of ISM's revenue was derived from systems operations, 10% from system integration services, and 10% from function management services, which involves the outsourcing of major administrative functions.

**Acquisitions/  
Divestitures***Acquisitions*

- In December 1992, ISM acquired Utlas International. Utlas International provides library information services nationally and internationally. Utlas has revenues of about \$13 million. ISM intends to operate Utlas as ISM Library Information Services.
- In November 1992, ISM acquired an investment in Datacor Atlantic, a New Brunswick-based systems management company to serve

Atlantic Canada, formed together with The New Brunswick Telephone Company and Blue Cross of Atlantic Canada.

- In January 1992, ISM acquired certain assets of Securities Industry Services (SIS) from IBM Canada Ltd. for \$11.6 million, financed through \$10 million of new ISM treasury shares and a \$1.6 million promissory note.

### *Divestitures*

Divestitures made by ISM/Westbridge include the following:

- In April 1992, ISM sold the Ontario operations of its computer output microfiche (COM) service to Xebec Imaging Services Inc., an employee-owned company with operations in Markham and Ottawa.
  - ISM will continue to provide COM services in Ontario through a marketing agreement between ISM and Xebec. In addition, Xebec will use ISM for processing and on-line data communications services, as required, to deliver its COM services.
  - ISM employees at ISM's COM facilities in Toronto have all been offered positions with Xebec.

### **Alliances**

- In 1992, ISM, IBM Canada, and TELUS Corporation successfully negotiated the formation of a new information technology services company in Alberta that will focus on outsourcing, called ISM Alberta. This merger combines ISM's strength in computing and outsourcing of information management systems with the telecommunications expertise of TELUS.
- ISM expanded into Atlantic Canada with a new partnership with New Brunswick Telephone Company and Blue Cross of Atlantic Canada. The new company, Datacor/ISM Information Systems Management Atlantic Corp. is ISM's newest affiliated company.
- ISM, IBM Canada, and DMR announced an alliance to offer computer outsourcing services. The alliance will focus on offering services in the province of Quebec.
- ISM Information Systems Management (B.C.) Corporation (ISM-BC) is a new outsourcing joint venture formed in late 1991 between ISM and B.C. Tel.

- ISM-BC, based in Vancouver, provides systems management, systems operations, and systems integration to new and existing customers. The core of the new company was formed by the B.C. Tel computer operations organization.
- Although British Columbia is its initial market, the company is positioned to expand into other markets in the future, including the Northwestern U.S. and the Pacific Rim. The services are marketed by B.C. Tel and IBM Canada.
- B.C. Tel owns 51% of the company (through North-west Tel), while ISM owns 49%.

### Key Products and Services

During 1992, approximately 80% of ISM's revenue was derived from systems operations services. Ten percent of remaining revenue was from system integration services, and 10% from function management services, which involve the outsourcing of major administrative functions.

ISM currently defines its primary business segments as follows:

- *Systems Operations Services* - range from the management of a client's on-site computer facility to complete system management on ISM's premises. ISM has eight computing centers across Canada with a total of 2,500 MIPS installed.
- *Enterprise and Network Management Services* - include maintenance of the network linking customers to ISM's computer centers, voice and data resale services, the management of cross-Canada customer networks, and access to VALUNET, ISM's private digital network. Network design and operational services, including LAN/WAN support, are available.
- *Systems Integration Services* - include developing complex applications in support of systems operations and network management, hardware, software applications, and professional services in support of a "total solution."
- *Function Management Services* - are considered a natural extension of information systems management in which an organization outsources an entire business area such as customer support or payment and claims support.

ISM also offers services in the following areas:

- *Imaging Services* - offer scanning of bills and payment information and invoice mailing.
- *Client/Server Computing Services* - provide client organizations with the complete management of client/server networks and implementation of new applications in a client/server environment.
- *Midrange Services* - as part of ISM's growing systems management offerings, provide customers with outsourcing solutions.
- *Securities Industry Services* - manage mission-critical services for 65 of Canada's leading securities firms and treasury departments of a number of Canada's major banks. ISM processes approximately 30% of all orders for securities listed in Canada and a similar proportion of all message traffic among brokerage offices. The following Tandem-based systems are available as software products or processing services:
  - The Order Management System, for matching buy and sell orders, routing them to the floor of the exchange, and confirming order execution.
  - Message Switch Service, for communications between brokers' branch offices.
  - Principal Trading System, an automated bond trading system.
- *Library Information Services* - manages a 60 million-record bibliographic data base from the National Library of Canada, the U.S. Library of Congress, the British Library, the National Libraries of Japan, Australia, and New Zealand, and the Bibliotheque Nationale du Quebec for use by university, public, government and corporate libraries throughout the world.

ISM Library Information Services is the preeminent provider of automated systems and services to libraries in Canada, Japan, Korea and Taiwan.

ISM also offers CHOICES, a family of software packages used in high schools to help students decide which careers to follow. The software is used in Canada, the U.S., and Europe.

## Clients

ISM Enterprise and Network Management Services clients include the Bank of Montreal, the Canadian Imperial Bank of Commerce, Royal Trust, T. Eaton Co., and The Personal Insurance Co. of Canada.

ISM, as a subcontractor for IBM Canada, will be providing data processing operations and technical support to York University through ISM's computing center in Toronto.

ISM Saskatchewan customers include SaskPOWER, the provincial power authority in Saskatchewan; SaskTel, the provincial telecommunications company; and a variety of corporations such as Shell Canada.

- For SaskPOWER, ISM initiated a pilot geographic information system for engineers, operators, and managers to access provincial maps and electric facilities information. The data is stored on a mainframe at ISM's computing center and accessed by a network of engineering workstations.
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- ISM Manitoba clients include The Canadian Wheat Board, Manitoba Telephone System, Manitoba Hydro, Manitoba Public Insurance Corporation, the Workers' Compensation Board of Manitoba, the Manitoba Health Services Commission, and various hospitals and Manitoba government departments.
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ISM Federal serves more than a dozen Federal government clients, including Revenue Canada--Customs and Excise, Employment and Immigration Canada, Agriculture Canada, Communications Canada, Health and Welfare Canada, and agencies such as the Canadian International Development Agency.

- ISM was the prime contractor for a new IBM PS/2-based communications platform for the Royal Canadian Force payroll system at the Department of National Defence. Under this systems integration contract, ISM provided 400 IBM machines, pre-configuration and staging, installation, maintenance, project management, training, and hotline support.
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- INSIGHT is ISM's on-line information data base, which provides access to corporate data supplied by the Canadian federal government on trademarks and patents, inter-corporate ownerships, and bankruptcies; data on Canadian manufacturers; and data for the legal community.

Function Management Services clients include more than 60 Canadian firms, including Toronto-Dominion Green Line Investor Services, Burns Fry, Levesque Beaubien Geoffrion, and Midland Walwyn.

### **Industry Markets**

Approximately 20% of ISM's 1992 revenue is derived from various departments of the Canadian federal government, 40% from various Canadian provincial government departments, and 12% from the financial services industry. The remaining 28% is derived from clients in various industries, including manufacturing, retail, wholesale, telecommunications, and medical.

### **Geographic Markets**

Approximately 99% of ISM's 1992 revenue was derived from Canada. The remainder was derived equally from the U.S. and other international sources.

ISM's international revenue for 1992 is \$4 million.

- ISM securities processing systems are used by the Madrid Stock Exchange, Kredietbank of Brussels, Rabobank (the Netherlands), and for trading primary and secondary reserves between 1,200 banks in Italy.
- ISM performed systems integration services relating to a ticketing and reservation system for the Shun Tak Ferries Ltd.'s ferry services in Hong Kong.

ISM Saskatchewan has offices in Regina.

ISM Manitoba has an office in Winnipeg.



ISM Enterprise and Network Services has offices in Mississauga, and North York.

ISM-BC has an office in Vancouver.

ISM Quebec has an office in Montreal.

ISM Federal has two offices in Ottawa.

ISM Securities Industry Services has offices in Toronto and Montreal.

Datacor/ISM has offices in Moncton.

ISM Alberta has offices in Calgary and Edmonton.

ISM Midrange and Imaging Services has offices in North York.

#### **Computer Hardware and Software**

ISM has eight computing centers in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa and Moncton with systems from IBM, Hitachi, Amdahl, DEC, Tandem, Unisys, HP, and Wang installed.

ISM also provides support for a range of operating systems and applications software.



## COMPANY PROFILE

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### **ISM INFORMATION SYSTEMS MANAGEMENT CORPORATION**

One Research Drive  
Regina, Saskatchewan  
Canada S4S 7H1  
(306) 781-5151

J. Gordon Garrett, President and CEO  
Public Corporation, Toronto Stock  
Exchange  
Total Employees: 3,000  
Total Revenue, Six Months Ending  
12/31/91: \$144,500,000 (Canadian)

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### **The Company**

ISM Information Systems Management Corporation (ISM) was formed in mid-1991 with the merger of STM Systems Corp. of Toronto and Westbridge Computer Corporation of Regina to provide systems and network management services to business and government.

- Effective June 25, 1991, Westbridge completed agreements with STM's parent--International Semi-Tech Microelectronics, Inc. (ISTM)--and IBM Canada Ltd. whereby Westbridge acquired 100% of the outstanding shares of STM and IBM invested in the new company.
- Consideration for the purchase of STM included \$10.2 million in cash, 4.4 million common shares of Westbridge common stock, \$10 million of subordinate debentures, and a \$2 million promissory note.
- IBM purchased the 4.4 million common shares (28%) for approximately \$7.2 million, and signed a five-year marketing agreement with Westbridge. IBM also received options to increase its ownership at any time to 51% through the issue of treasury shares and through the purchase of shares from Saskatchewan Telecommunications (SaskTel), Westbridge's major shareholder.
- Following the acquisition of STM and the investment by IBM, Mr. J. Gordon Garrett was appointed President and CEO. A new executive management team was announced by Mr. Garrett at the company's annual meeting in August 1991.
- In December 1991, Westbridge changed its name to ISM to more closely identify with the company's core business of managing large, complex information systems and networks for business and government.

- As a result of the above activities, effective December 31, 1991 SaskTel held 26% of ISM's common shares, ISTM held 23% of ISM's common shares, and IBM held 28% of ISM's common shares.
- In March 1992, IBM Canada announced it would increase its interest in ISM to 51% by purchasing nearly 3.9 million shares of ISM common stock from SaskTel for about \$40 million.

The six-month period from July 1 to December 31 was the only period the merged companies operated as a unit in 1991. Revenue for this period was \$144.5 million, income from continuing operations before taxes was \$5.6 million, and net income after discontinued operations and taxes was \$1.1 million.

- Yearly comparisons are difficult due to the different business mix and change from a fiscal to a calendar year.
- Total revenue for 1991 is estimated at \$290 million. The company is current forecasting approximately \$350 million in revenues for 1992.
- During 1992, the company will continue its emphasis on cost reductions, operational consolidation, and synergies within computing center operations. Management's goal is a profit level of 13% net before taxes, and a return on equity of over 20%.

Acquisitions/alliances include the following:

- In January 1992, ISM acquired certain assets of Securities Industry Services (SIS) from IBM Canada Ltd. for \$11.6 million, financed through \$10 million of new ISM treasury shares and a \$1.6 million promissory note.
  - SIS, with 1991 revenue of over \$27 million, provides brokerage processing services to more than 60 Canadian firms.
  - Approximately 120 former IBM Canada employees, primarily in Toronto and Montreal, have accepted positions with ISM.
  - ISM's brokerage services have been merged into the new ISM Securities Industry Services unit.
- ISM Information Systems Management (B.C.) Corporation (ISM-BC) is a new outsourcing joint venture formed in late 1991 between ISM and B.C. Tel.

- ISM-BC, based in Vancouver, will provide systems management, systems operations, and systems integration to new and existing customers. The core of the new company will be formed by the B.C. Tel computer operations organization.
- Although British Columbia will be its initial market, the company will be positioned to expand into other markets in the future, including the Northwestern U.S. and the Pacific Rim. The services will be marketed by both B.C. Tel and IBM Canada.
- B.C. Tel owns 51% of the company (through North-west Tel), while ISM owns 49%.
- In early 1991, STM purchased a minority share of CSB Systems Ltd., a Winnipeg-based systems integration company.

Divestitures made by ISM/Westbridge include the following:

- In April 1992, ISM sold the Ontario operations of its computer output microfiche (COM) service to Xebec Imaging Services Inc., an employee-owned company with operations in Markham and Ottawa.
- ISM will continue to provide COM services in Ontario through a marketing agreement between ISM and Xebec. In addition, Xebec will use ISM for processing and on-line data communications services as required to deliver its COM services.
- ISM employees at ISM's COM facilities in Toronto have all been offered positions with Xebec.
- In March 1991, in order to focus on its core business of systems management, Westbridge discontinued its leasing and personal computer distribution businesses. These operations contributed approximately \$55.1 million to Westbridge's revenue for the fiscal year ending March 31, 1991. The lease portfolio and related assets were sold to IBM for proceeds of \$6 million.

#### **Key Products and Services**

During 1991, approximately 42% of ISM's revenues were derived from systems operations services. The remaining 58% of revenues were derived from systems integration, processing, network services, and ancillary product sales.

ISM currently defines its primary business segments as follows:

- *Systems operations* services range from the management of a client's on-site computer facility to complete system management on ISM's premises. ISM has eight computing centers across Canada with a total of 2,500 MIPS installed.
- *Network management* services include maintenance of the network linking customers to ISM's computer centers, voice and data resale services, the management of cross-Canada customer networks, and access to VALUNET, ISM's private digital network. Network design and operational services, including LAN/WAN support, are available.
- *Systems integration* services include hardware, software, applications, programs, and professional services in support of a "total solution."
- *Function management* services include outsourcing or shared processing services.

ISM's current operational structure is organized across various geographic and vertical market regions--including Saskatchewan/Alberta, Manitoba, Central, British Columbia, Quebec, Federal, Securities Industry Services, and Network Management Services--each of which provides services to government and large commercial entities.

ISM Saskatchewan/Alberta, headquartered in Regina (Saskatchewan) is expected to generate revenue in excess of \$65 million in 1992.

- Customers include SaskPOWER, the provincial power authority in Saskatchewan; SaskTel, the provincial telecommunications company; and a variety of corporations such as Woodward's department store chain and Shell Canada.
- For SaskPOWER, ISM initiated a pilot geographic information system for engineers, operators, and managers to access provincial maps and electric facilities information. The data is stored on a mainframe at ISM's computing center and accessed by a network of engineering workstations.
- ISM operates Shell's company-wide PROFS electronic mail system on an outsourcing basis, supplying hardware, software, operations, and systems and network support for more than 4,000 Shell Canada employees across Canada.

- A consortium of Calgary oil and gas companies has selected Cornerstone Accounting Services (a venture funded by ISM, IBM, Coopers and Lybrand, Guard Resources, and IBM Canada) as the successful bidder to work on the final phase of a feasibility study related to having certain accounting functions of the oil/gas companies performed together in a common facility. The next phase of the study will be completed by the fall, at which time a decision will be made to implement the project.
- In May 1992, ISM, IBM Canada, and TELUS Corporation entered into negotiations to form a new information technology services company in Alberta that will focus on outsourcing. Under the terms of the agreement, the three firms will negotiate exclusively with each other until June 30, 1992. If there is an agreement to proceed, it is anticipated that operations will begin in the fourth quarter of 1992.

ISM Manitoba, headquartered in Winnipeg, is expected to generate 1992 revenues in excess of \$40 million.

- Clients include The Canadian Wheat Board, Manitoba Telephone System, Manitoba Hydro, Manitoba Public Insurance Corporation, the Workers' Compensation Board of Manitoba, the Manitoba Health Services Commission, and various hospitals and Manitoba government departments.
- ISM is providing the Workers' Compensation Board with financial and administrative processing in support of corporate registry, assessments, claims, and pensions.
- Completion of a new computing center and office facility is expected in Winnipeg in late 1992, allowing for consolidation of various operating sites.

ISM Central, headquartered in Toronto, is expected to generate revenues of \$60 million in 1992.

- ISM Central clients range from financial institutions to retailers, manufacturers, and health care institutions.
- Clients include Bank of Montreal, the Canadian Imperial Bank of Commerce, Royal Trust, T. Eaton Co., and The Personal Insurance Co. of Canada.
- During 1991, ISM signed contracts with Reuters Information Services (Canada), York University, RBC Dominion Securities, National Telecom, First Line Trust, and the Granada Canada Limited chain of home entertainment stores.

- ISM is providing systems operations support for Reuters' financial systems, including the BLEND system for borrowing and lending, INSTANT-LINK for trading and settlement, and a worldwide communications network.
- ISM, as a subcontractor for IBM Canada, will be providing data processing operations and technical support to York University through ISM's data center in Toronto.
- During 1992, the region will consolidate two computing centers at a new location in the north end of Toronto.

ISM-BC, jointly owned by ISM and BC Tel, offers systems management, systems integration, and systems operations services to utilities and other organizations. ISM estimates that ISM-BC's 1992 revenues could reach \$80 million.

ISM Quebec, formed in 1992 and headquartered in Montreal, will provide the same range of services in the Quebec region, with a focus on systems operations.

ISM Federal, headquartered in Ottawa, provides information systems management services to the Canadian federal government. Revenues from this unit are expected to exceed \$70 million in 1992.

- ISM Federal operates two large computing centers in Ottawa and has 500 employees.
- It serves more than a dozen Federal government clients, including Revenue Canada--Customs and Excise, Employment and Immigration Canada, Agriculture Canada, Communications Canada, and Health and Welfare Canada, and agencies such as the Canadian International Development Agency.
- ISM was the prime contractor for a new IBM PS/2-based communications platform for the Canadian Forces payroll system at the Department of National Defence. Under this systems integration contract, ISM provided 400 IBM machines, pre-configuration and staging, installation, maintenance, project management, training, and hotline support.
- In February 1992, ISM was awarded a five-year, \$25 million contract to operate the Open Bidding Service, Supply and Service Canada's new on-line procurement system.
- ISM Federal also serves a number of private organizations, such as Ottawa General Hospital.

- Southam Business Communications is marketing ISM's on-line INSIGHT electronic information service, which provides subscribers access to federal government data bases, which are based on ISM's WISDOM information retrieval system.
- INSIGHT is ISM's on-line information data base, which provides access to corporate data supplied by the Canadian federal government on trademarks and patents, intercorporate ownerships, and bankruptcies; data on Canadian manufacturers; and data for the legal community.

ISM's Securities Industry Services unit, headquartered in Toronto, is expected to generate 1992 revenue in excess of \$35 million.

- ISM processes approximately 30% of all orders for securities listed in Canada and a similar proportion of all message traffic between brokerage offices. The following Tandem-based systems are available as software products or processing services:
  - The Order Management System for matching buy and sell orders, routing them to the floor of the exchange, and confirming order execution
  - Message Switch Service, for communications between brokers' branch offices
  - Principal Trading System, an automated bond trading system
- During 1991, ISM was awarded a multiyear, multimillion-dollar contract with securities company Wood Gundy to provide a national telecommunications network, message switching between branches and stock exchanges, back-office processing, payroll processing, and installation of an automated bond trading program.
- ISM also provides back-office accounting services to more than 60 Canadian firms, including Toronto-Dominion Green Line Investor Services, Burns Fry, Levesque Beaubien Geoffrion, and Midland Walwyn.

Network Management Services is responsible for connections between ISM's computing centers across Canada and hundreds of thousands of customer terminals. It is also responsible for VALUNET, one of the largest private voice and data communications networks in Canada available to the business community.



- ISM expects VALUNET's revenues will exceed \$20 million in 1992.
- The network has more than 100,000 users and handles an estimated one million calls a day.
- Clients include the Trilon group of companies, Continental Insurance, Globe and Mail, National Grocers, Wood Gundy, and Ontario Blue Cross.
- VALUNET added 20 central office switches to the network during 1991, adding direct dial access from Montreal, Vancouver, Ottawa, Hamilton, and London.

ISM's international revenue for 1991 is estimated at \$3 million and is expected to reach \$4 million million in 1992.

- ISM securities processing systems are being used by the Madrid Stock Exchange, Kredietbank of Brussels, Rabobank (the Netherlands), and for trading primary and secondary reserves between 1,200 banks in Italy.
- ISM performed systems integration services relating to a ticketing and reservation system for the Shun Tak Ferries Ltd.'s ferry services in Hong Kong.
- ISM also offers CHOICES, a family of software packages used in high schools to help students decide which careers to follow. The software is used in Canada, the U.S., and Europe.

### **Industry Markets**

Approximately 20% of ISM's revenue is derived from various departments of the Canadian federal government, 40% from various Canadian provincial government departments, and 12% from the financial services industry. The remaining 28% is derived from clients in various industries, including manufacturing, retail, wholesale, telecommunications, and medical.

### **Geographic Markets**

Approximately 99% of ISM's 1991 revenue was derived from Canada. The remainder was derived equally from the U.S. and other international sources.

ISM Saskatchewan/Alberta has offices in Regina and Calgary.

ISM Manitoba has an office in Winnipeg.



ISM Central has offices in Mississauga (2), Willowdale, and Toronto.

ISM-BC has an office in Vancouver.

ISM Quebec has an office in Montreal.

ISM Federal has two offices in Ottawa.

ISM Securities Industry Services has offices in Toronto and Montreal.

**Computer  
Hardware and  
Software**

ISM has eight computing centers in Vancouver, Calgary, Regina, Winnipeg, Toronto, and Ottawa with systems from IBM, Hitachi, Amdahl, DEC, Tandem, Unisys, HP, and Wang installed.

ISM also provides support for a range of operating systems and applications software.



## COMPANY PROFILE

ITT DIALCOM, INC.  
1109 Spring Street  
Silver Spring, MD 20910  
(301) 588-1572

Tom Trace, Senior Vice President and  
General Manager  
A Unit of ITT Corporation  
Total Employees: 250  
Total Revenue, Fiscal Year End  
12/31/85: \$20,000,000\*

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### THE COMPANY

- ITT Dialcom, Inc. offers a family of electronic business communications and information tools and provides remote computing, facilities management, professional services, and application software products.
  - The company was founded in 1970 to provide general-purpose time-sharing services in the Washington, D.C. metropolitan area. Since 1975 Dialcom has shifted its emphasis to office automation and has extended its services to other U.S. locations, Canada, and overseas.
  - Effective December 1982, Dialcom became a wholly owned subsidiary of ITT Corporation, operating as a unit of ITT's Communications Operations and Information Services Group.
- Dialcom's competitors include CompuServ, MCI, GTE Telenet, General Electric Information Services Company, and Western Union.

### KEY PRODUCTS AND SERVICES

- ITT Dialcom's 1985 revenue was derived approximately as follows:

Processing services	85%
Software products	10
Professional services	<u>5</u>
	100%

- ITT Dialcom provides automated office services in the following areas:
  - Computer-based messaging system.
  - News and information data bases.
  - Management and support tools.
- ITT Dialcom's computer-based messaging system provides the basis for its communications applications.

\*INPUT estimate

- The electronic MAIL system performs the following functions:
  - Users can exchange messages, documents, or other information through any type of computer terminal, personal computer, or word processor.
  - Messages can be sent with options for courtesy copies, blind copies, reply requested, acknowledgement requested, confidential, and express priority.
  - Mail can be held for later transmittal, filed, or coded for access at a specified date or time.
  - Upon receipt, the message can be answered, forwarded to others, filed for subsequent retrieval, or deleted.
  - Electronic filing capabilities include retrieval of filed mail by category, name, date, data range, or subject line and text key words.
- Electronic MAIL can be integrated with other communications services, including:
  - WPMail and PCMAIL<sup>SM</sup> permit transmission of text between a variety of word processors and microcomputers and allow users to batch messages in an off-line mode before connecting to ITT Dialcom for transmittal.
  - Telex Interface, XMAIL<sup>SM</sup>, can be used to send or receive telex messages, mailgrams, cablegrams, and telegrams.
  - File Transfer, FT and XFER, provides error checking for both binary and ASCII files to and from PCs to the client's Dialcom I.D.
- ITT Dialcom's management and support tools include the following products:
  - POST is an internal (intra-company) and external (Dialcom system-wide) posting of announcements, job openings, items for sale or other notices.
  - RSVP<sup>SM</sup> is a private electronic bulletin board service which can be customized for an organization. This service enables users to post messages, read messages in categories of special interest, scan for specific messages, and purge messages. With RSVP's link to MAIL, copies of the messages may be either sent to the bulletin board for public viewing or forwarded directly to an individual's mailbox. By being able to post replies to messages on the bulletin boards, RSVP allows users to establish on-line conferences.

- Participate is a teleconferencing system using electronic mail which centralizes the ongoing exchange of information on the computer system, allowing participants to add their information and/or commentary to the conference notes file. Conferences can be classified by topic or subtopic and may be open to all persons on a company's electronic mail system or restricted to only those invited to participate.
- CHAT and NET-TALK allow interactive keyboard conversations between two (CHAT) or more (NET-TALK) persons signed on the mail system simultaneously.
- ITT Dialcom's E-PUB<sup>SM</sup> electronic publishing system allows users to create their own electronic publishing center for newsletters, press releases, technical or financial reports, and service bulletins. The system can be customized with menus that allow options for scanning headlines or titles, reading entire items, or searching for entire text. An interface to the mail system allows users to mail stories to other users as well as to create a profile of desired terms and automatically send stories on the specified topic to the user's mailbox. E-PUB can be used to create menu access to ITT Dialcom's services and it also provides security by restricting information accessibility on a person-by-person basis.
- The Executive Calendar System schedules appointments, equipment or room availability, and tickler reminders can be checked via the computer terminal. Calendars are displayed or printed in monthly (block style), weekly, or daily formats. The system features instant updating; scan and search by person, date, or location; and the highlighting of conflicting schedules.
- Text Processing is integrated into every major ITT Dialcom system. Features include commands for global changes, insertions, deletions, margin justifications, and paragraph repositioning. The system can generate automatic headers, footers, page numbers, an index, and table of contents. Automatic spelling correction is available with a 56,000 word dictionary that can be enhanced with personal or company entries for acronyms or words common to the organization.
- Electronic Forms Processing allows users to both create their own standardized form and/or request a form for processing and electronic transmittal. When a form has been requested and filled out, the completed form is then sent electronically through the mail system to the designated mailbox. Processing and distributing electronic forms may be used for items such as supply order forms, application forms, room or equipment request forms, work order forms, and sales forms.

- . The Database Management System called INFOX offers data entry, update, query, and computational capabilities. INFOX can be used in the development of such systems as inventory, order entry, competitive analysis, project tracking, investment portfolios, expense reporting, and accounts payable.
- ITT Dialcom offers access to a variety of news and information data bases. These data bases include electronic newswires, NEWS-TAB<sup>SM</sup>, travel services, and bibliographic data bases. ITT Dialcom also offers computer links called NETLINK and GATEWAY. These links will connect the subscribers with any other computer system accessible through public data networks. A user with a valid account can tap into such data bases as Lockheed's DIALOG, the Bibliographic Research Service, and the New York Times Info-Bank. The information drawn from these data bases can then be mailed, filed, or incorporated into reports using ITT Dialcom's other services.
- News and information data bases available on the network include:
  - . The news service contains a data base of electronic newswires such as UPI, AP, Deutsche Press Agentur (DPA), the OPEC newswires, and the USA/TODAY Update News Service. The latest stock market and commodities exchange quotations are available through the UNISTOX financial newswire and Bunker Ramo (ADP).
  - . ITT Dialcom also offers an electronic clipping service called NEWS-TAB. With this service, the subscriber creates a personal index of up to 25 key words and phrases. NEWS-TAB then continuously searches the news wires and forwards the clippings directly to the user's electronic mailbox.
  - . FEDNEWS offers as-released statistics and announcements from government agencies on changing regulations and judgments.
  - . ABI/Inform offers worldwide coverage of business and management information appearing in more than 650 publications. Full articles may be ordered at any time. Topic coverage includes accounting and auditing, economics, finance and financial management, law and taxation, management science, marketing, advertising, sales, and human relations.
  - . The Bureau of National Affairs, Inc. offers AdvanceLine electronic information sources from the Daily Tax Report and SEC Advance, which contains the full text of the Security and Exchange Commission's News Digest.
  - . Dow Jones News/Retrieval<sup>®</sup> provides access to 30 data bases. These data bases include Dow Jones and Wall Street Journal news services, current and historical stock market quotes, profiles of major U.S. companies, a stock symbol directory, a

weekly economic survey, and electronic transcripts of the Wall Street Week television program.

- USDA Online offers news about USDA policy and program decisions relating to farm programs, agricultural exports, agricultural and food research, food inspection commodity grading, and many other topics.
- The Travelscan service includes reserving and ticketing for international flights, hotels, car rentals, cruises, tours, and charters.
- The EAASY SABRE service brings users access to the American Airlines travel service. It provides direct access to American Airlines' reservations system, including airline flight/schedule information for over 600 airlines worldwide, seat booking on more than 300 major carriers, and rental car and hotel reservations.
- The Official Airline Guide provides information on more than 820,000 direct and connecting flights to and from more than 105,000 domestic and international locations. Available information includes departure and arrival time, type of aircraft, fares, meal service information, intermediate stops, class of service, etc. New service offerings include flight reservations and hotel availability information.
- Other news services available include medical news from IMTS (the International Medical Tribune Syndicate), oil industry updates from OPEC NEWS, and transcripts from 8,000 special interest publications through University Microfilms International.
- Professional services available from ITT Dialcom include systems analysis, design, and development of custom software for automated office applications. Dialcom's program analysts have expertise in a variety of languages, including BASIC, FORTRAN, PL/I, COBOL, and PASCAL.
- Clients can request customized menus to meet specific needs of its organization. Dialcom offers on-site training in addition to the new on-line tutorial. The support organization will also provide services in other areas, such as communications, data base management design, terminal selection, and other computer-based office needs.

#### INDUSTRY MARKETS

- ITT Dialcom's revenue is derived from clients across all industry sectors including federal government, manufacturing, distribution, banking and finance, and insurance.

## GEOGRAPHIC MARKETS

- Approximately 95% of ITT Dialcom's 1985 revenue was derived from the U.S. and 5% from foreign clients.
- Sales branches are located in New York City, Waltham (MA), Des Plaines (IL), Houston, Washington, D.C., and San Francisco.
  - Foreign licensees are located in the United Kingdom, Canada, Australia, Hong Kong, Singapore, Germany, Puerto Rico, Denmark, Israel, New Zealand, and Ireland. ITT Dialcom distributors include the Netherlands and Korea.

## COMPUTER HARDWARE

- ITT Dialcom maintains technical centers in Whippany (NJ) and Silver Spring (MD). The primary hardware configuration includes:
  - Prime 550/750/850/9955 computers.
    - 4471 300 MB disk subsystems and burst mode controllers.
    - 4476 315 MB fixed media disk.
    - 4522 magnetic tape subsystems (9 TRK, 1600 BPI, 75 IPS).
    - 4550 magnetic tape subsystem (9 TRK, 6250 BPI, 75 IPS).
    - 5154 HP AMLC RS-232-C, 16-line controllers.
    - 5620 synchronous line controllers.
    - 7041 Primeret node controller.
    - 8440-P/8450 Primeret software (X.25 packet network interface).



## COMPANY HIGHLIGHT

ITT DIALCOM, INC.  
1109 Spring Street  
Silver Spring, MD 20910  
(301) 588-1572

Robert F. Ryan, President  
Subsidiary of International Telephone  
& Telegraph  
Total Employees: 125  
Total Revenue, Fiscal Year End  
12/31/82: \$10,000,000

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### THE COMPANY

- ITT Dialcom, Inc. specializes in automated office systems and provides remote computing, facilities management, professional services, and applications software products.
  - The company was founded in 1970 to provide general-purpose time-sharing services in the Washington, D.C. metropolitan area. Since 1975 Dialcom has shifted its emphasis to office automation and has extended its services to other U.S. locations, Canada, and overseas.
  - Effective December 1982, Dialcom became a wholly owned subsidiary of International Telephone & Telegraph (ITT), operating as a unit of ITT's Communications Operations and Information Services Group. Terms of the cash acquisition were not disclosed.
  - As a result of the acquisition, Dialcom's fiscal year end was changed from June to December. ITT reported Dialcom had calendar 1982 revenue of approximately \$10 million and projects that the subsidiary will double in size during 1983.
    - Dialcom achieved an average annual growth rate of 35% over the last five years, during which its fiscal year ended in June. Management attributes its growth to new office automation service and product offerings.
- As of December 1982, Dialcom had 125 employees. As of March 1983, there were 150 employees, segmented as follows:

Marketing/sales	45
Software services/customer support	60
Computer operations	30
General and administrative	<u>15</u>
	150
- Dialcom's competitors include American Information Systems, IBM, GTE Telenet, General Electric Information Services Company, Digital Equipment Corporation, Wang, and Hewlett-Packard.

## KEY PRODUCTS AND SERVICES

- Dialcom's 1982 revenue was derived approximately as follows:

Processing services	85%
Software products	10
Professional services	<u>5</u>
	100%

- Dialcom's automated office systems are modular and are available to clients via remote computing and processing facilities management services and as software products. The majority of processing services are remote computing. A small percentage of revenue is derived from facilities management.
- Dialcom provides automated office services in the following areas:
  - Communications.
  - News and information data bases.
  - Management and support tools.
- Dialcom's Electronic Mail System provides the basis for its communications applications.
  - The system performs the following functions:
    - Users can exchange messages, documents, or other information through any type of computer terminal.
    - Messages can be sent with options for courtesy copies, blind copies, reply requested, acknowledgement requested, confidential, and express priority.
    - Mail can be held for later transmittal, filed, or coded for access at a specified date or time.
    - Upon receipt, the message can be answered, forwarded to others, filed for subsequent retrieval, or deleted.
    - Electronic filing capabilities include retrieval of filed mail by category, name, date, data range, or subject line and text key words.
  - Electronic Mail can be integrated with other communications services, including:
    - WPMAIL, a special version of the Electronic Mail System that permits transmission of text between a variety of word processors and allows users to batch messages in an off-line mode before connecting to Dialcom for transmittal.

- A Telex/Infomaster interface that can be used to send or receive messages, mailgrams, cablegrams, and telegrams from Western Union telex terminals.
- Messages directed by Dialcom through the U.S. Postal Service's Electronic Computer-Originated Mail (E-COM) Service to one of 25 post offices for printing and mailing.
- Other communications applications available from Dialcom include:
  - PARTICIPATE, a teleconferencing system.
  - POST, an electronic bulletin board for posting special announcements, policy guideline statements, job openings, and other related information.
  - CHAT and NET-TALK, systems which allow on-line terminal-to-terminal communication.
- Dialcom offers clients access to a variety of news and information data bases.
  - Data bases available directly from Dialcom's network include:
    - United Press International's UPI DATANEWS and UNISTOX.
    - Data Courier's ABI/INFORM.
    - The Official Airline Guide.
    - Deutsche Presse-Agentur, the West German news wire.
  - In late 1981 Dialcom began offering INFOGATE, a communications interface allowing remote computing services users to access most data bases available on public data networks at reduced costs.
    - Users key in search requests via Dialcom's network before connecting with another network, spending less time accessing the data base on the more expensive system.
    - Data bases available include those offered on Lockheed's Dialog Information Services, System Development Corporation's SDC Search Service, and Bibliographic Retrieval Services, as well as The New York Times Information Bank, World Energy Data Base, Legislative, Juris, and Westlaw.
- Management and support tools available through Dialcom include:
  - CALENDAR, an executive calendar system that facilitates management of schedules, changes in status, date, time, or appointment details, and checks the availability of personnel and facilities.
  - Phone Message System, which provides telephone call management.

- Text processing and editing.
- Correspondence and List Maintenance System (CALMS), which produces letter-quality correspondence, envelopes, postcards, lists, directories, and labels. CALMS also combines mailing lists into a comprehensive directory for quick retrieval.
- INFOX, a data base management system, which performs data entry, update, query, and computational capabilities applicable to the development of business, project tracking, and accounting systems.
- Dialcom manages an electronic mail system for a large manufacturer under a facilities management contract. The system runs on Dialcom-owned computers located at the client site.
- Dialcom's communications and management and support software applications are available as separate packages running on Prime 550, 750, and 850 systems. Pricing varies by application and ranges from \$5,000 to \$200,000.
- Professional services available from Dialcom include systems analysis, design, and development of custom software for automated office applications. Dialcom's program analysts have expertise in a variety of languages, including BASIC, FORTRAN, PL/I, COBOL, and PASCAL.

#### INDUSTRY MARKETS

- Dialcom's 1982 revenue was derived approximately as follows:

Manufacturing	40%
Federal government	40
Distribution	10
Banking and finance	5
Insurance	<u>5</u>
	100%

- The U.S. Congress is a major federal government client.

#### GEOGRAPHIC MARKETS

- Approximately 90% of Dialcom's 1982 revenue was derived from the U.S., 7% from Canada, and 3% from Europe.
- U.S. sales offices are located in Chicago, New York City, and Washington, D.C. Foreign affiliates are located in Toronto and London.

## COMPUTER HARDWARE AND SOFTWARE

- Dialcom has the following equipment installed at its Silver Spring headquarters:
  - 5 Honeywell 1648As.
  - 14 Prime 750s.
  - 4 Prime 850s.
- Each system runs under a Dialcom-developed operating system and can support 64 users simultaneously.
- Dialcom's network may be accessed via Tymnet, Telenet, Uninet, Datapac, IPSS, and most other public data networks.



## COMPANY PROFILE

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### **IBAX HEALTHCARE SYSTEMS**

(formerly Spectrum Healthcare Solutions)  
587 E. San Lando Springs Drive  
Longwood, FL 32750-5187  
(407) 831-8444

Jeffrey S. Goodman, President and CEO  
Subsidiary of IBM and Baxter International  
Total Employees: 650 (2/92)  
Total Revenue, Fiscal Year End  
12/31/91: Under \$100 million\*

\*INPUT estimate

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### **The Company**

IBAX Healthcare Systems designs, develops, and markets information management solutions for small, midrange, and large hospitals, as well as systems for physician practice management.

IBAX was formed in January 1990 as Spectrum Healthcare Solutions, a partnership of IBM and Baxter International subsidiaries.

- Both parent companies -- IBM and Baxter -- have had a presence in the medical information systems industry since the 1970s, and Spectrum Healthcare Solutions established its presence in the market quickly. INPUT estimates that the new company earned between \$75 and \$100 million in its first year of operation, primarily from software products and related services.
- In June 1991, approximately 18 months after Spectrum Healthcare was organized and six months after the departure of president and CEO Frank Russo, the company announced a number of major changes, including the following:
  - A name change from Spectrum Healthcare Solutions to IBAX Healthcare Systems
  - Company restructuring which reduced staff positions and added personnel in support and customer-related areas
  - Relocation of company headquarters from Hauppauge (NY), to Longwood (FL)

IBAX's client base is currently comprised of more than 700 hospitals and 6,500 private physician offices.

The company's primary competitors include software providers that supply IBM-compatible health care information systems.

- Specific competitors vary by platform - IBAX products run on IBM mainframes, midrange computers (AS/400), and workstations (IBM RISC System/6000).
- Key competitors in the IBM mainframe arena are HBO & Company (HealthQuest division), Shared Medical Systems, and TDS Healthcare Systems.

IBAX's competitive strength stems from its parent companies' strength and market presence in medical information services. Also, IBAX is positioning itself as working to help strengthen the medical industry overall, through more effective use of medical information systems.

- The company points out that hospitals still fail to see the full impact that clinical and patient information systems can make to effective operations, and are constrained by limited information systems budgets.
- Further, IBAX believes that the vendor stability possible in the partnership of two major information services providers will help hospital management move toward the multiyear commitments required to fully realize the power of information systems.

### **Key Products and Services**

INPUT estimates that approximately 90% to 95% of IBAX's 1991 revenue was derived from software products and related services, and 5% to 10% from consulting services.

IBAX'S health care products include the following:

- Series 3000, financial and clinical applications for small community hospitals. The series runs on IBM RISC System/6000 computers.
- Series 4000, financial applications for midsized hospitals. The series runs on IBM AS/400 computers. Introduced in the early 1970s, Series 4000 products are installed in over 275 hospitals.
- Series 5000, financial and clinical applications for large hospitals and complex medical centers. The systems run on IBM mainframe platforms.



- Physician Series, for communicating patient data to physicians and staff. The series runs on IBM and compatible PCs, and can communicate with any of the IBAX hospital information systems above.
- Point of Care Clinical Series, which supports nursing care documentation and access to the hospital information system from IBM Clinical Workstations™ located at patient bedside.
- The Point of Care products were introduced in 1991, and are IBAX's key new addition beyond the offerings of either parent company.
- Several departmental systems, as follows:
  - Operating Room System for IBM S/36 or AS/400 computers
  - Radiology Information Management for IBM AS/400 or mainframe platforms
  - Pharmacy Management Systems, three different systems for mainframe, AS/400, and IBM-compatible PC platforms

IBAX services include education and training, implementation assistance, 24-hour customer support, and technical and operations consulting.

**Industry Markets**

Virtually all of IBAX's revenue is derived from hospitals and physicians' offices.

**Geographic Markets**

IBAX's 1991 revenue was primarily derived from North American sales, with a small percentage of international revenue, including contracts in Australia and Luxembourg.

IBAX is headquartered in Longwood (FL), with six regional offices in the U.S. and Canada, plus a number of additional sales offices.

- North American regional offices are located in Marietta (GA), Covington (KY), Hauppauge (NY), Reston (VA), Orange (CA), and Ontario (Canada).
- The company also has a marketing relationship with PAXUS Ltd. in Australia.

**Computer  
Hardware and  
Software**

IBAX's data centers are in Longwood (FL) and Deerfield (IL).

- Mainframe development takes place at the Deerfield site (Baxter International headquarters).
- Midrange (AS/400) and workstation (RISC System/6000) development is conducted at IBAX headquarters in Longwood.

## COMPANY BRIEF

Cross Industry: Other (Text Formatting)

### **Image Network**

140 Whisman Road  
Mountain View, CA 94041  
(415) 967-0542

CEO: John Copeland, President  
Private Company  
Founded: 1982

Employees: 14  
Revenue (FYE 12/31/86): \$390,000\*

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**The Company:** Image Network markets an enhanced version of AT&T's technical text formatting program (T-Roff). Image Network also provides technical text formatting services.

### **Sources of Revenue:**

- Application Software (75%)
- Processing (25%)

### **Key Products and Services:**

- Application Software
  - Documentor's Workbench is a text formatting package and interface for laser printers. Intended specifically for preparation of technical documents. Documentor's Workbench requires the following minimum configuration: 256Kb user memory 8Mb disk space, VAX/VMS, UNIX, or MS/DOS operating system.
- Processing/Network Services
  - Technical text formatting service using Documentor's Workbench

### **Target Industries:**

- Image Network targets any industry or organization requiring technical documentation. Customers include government, universities, and large communications and electronics firms.

### **Geographic Markets:**

- U.S. (100%)

### **Significant Events:**

- Image Network is currently negotiating marketing and licensing rights with two major hardware vendors. It is not known which two.

\*Company estimate

December 1986



## COMPANY HIGHLIGHT

### IMPERIAL COMPUTER SERVICES, INC.

3848 Carson Street, Suite 320  
Torrance, CA 90503  
(213) 540-5595

Dwight H. Mensinger, President  
Private Corporation  
Total Employees: 175  
Total Revenues, Fiscal Year End  
12/31/78: \$7 million

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### THE COMPANY

- Imperial Computer Services, Inc. (ICS) is a privately held, California based holding company founded March 1, 1979, with headquarters in Torrance, California. ICS operates a number of wholly owned data processing service company subsidiaries and provides system consulting services.
  - ICS is the new operating name of Imperial Data Services (IDS), founded in 1977 by seven men from Palos Verdes, California and headed by Dwight Mensinger, former president of Leader Corporation.
  - Since its formation, ICS has acquired four services firms and is actively looking for additional companies. The founders of ICS intend to build a computer services company specializing in banking, manufacturing, insurance and the medical industries by means of acquisition.
  - ICS management anticipates doubling its 1978 revenues in 1979.
- ICS has three operating divisions: Operations, Systems and Consulting, and Systems and Software.
- The Operations Division is presently composed of two operating subsidiaries. The companies were recent acquisitions and ICS continues to use their pre-acquisition identities.
  - Carter Associates, purchased by ICS in July 1978, operates a data center located in Sunnyvale, California. Carter provides batch and remote batch services primarily for electronic manufacturers in the Santa Clara Valley. Carter contributes approximately \$3.5 million to total revenues and has 105 employees.
    - Before its acquisition by ICS, Carter had launched a major product research and development effort involving a data base management system implemented on a Tandem computer to be sold as a turnkey system.
    - Since the acquisition, the "Tandem" project has been established as a separate company, Flexible Interactive Business Systems (F.I.B.S.), which is partially funded by ICS and by revenues generated by the new venture's customers.

## COMPANY HIGHLIGHT/IMPERIAL COMPUTER SERVICES, INC.

- While the former president and principals of Carter own F.I.B.S., ICS management claims marketing rights to the turnkey system and data base management system should F.I.B.S. management make it available for separate lease.
- Massey Data Entry Services was acquired by ICS in December 1977 and specializes in key entry of data onto various media. Massey, presently located in Santa Clara, California, will be consolidated into the Carter operation when Carter moves to new facilities in the San Jose International Business Park in September 1979. With 60 employees, Massey contributes \$1 million to total ICS revenues.
- Network Data Processing, the California subsidiary of Network Data Processing Corporation of Cedar Rapids, Iowa, was acquired by ICS in September, 1978. It provides interactive processing for wholesale distributors in the Los Angeles area and is the site of ICS's other data center. Network contributes less than \$1 million to ICS revenues and has 25 employees.
- ICS management expects the Systems and Consulting Division to contribute more than \$1 million to revenues in 1979. This division provides consulting services to large corporations and banks primarily in the fields of electronic banking and data base systems.
- The Systems and Software Division has 30 professionals who provide software development, maintenance, specification and operational support for clients of the ICS operating subsidiaries and for the ICS Consulting Division.
- Using aggressive acquisition as a means for expansion, ICS management expects to provide processing services to financial, insurance, manufacturing, and hospital-medical industry groups.
  - Management plans to merge I.T.S. Financial Systems, Inc., which markets a turnkey system for mortgage loan processing into ICS in the next three to six months if I.T.S. becomes profitable. I.T.S. Financial Systems is presently a subsidiary of ICS's sister company, Imperial Data Services.
  - Effective July 9, 1979, ICS acquired Medical Data Systems (MDS) of Long Beach. A division of Ite Corporation with revenues over \$3 million\*, MDS provides batch processing to 30 hospitals in the Los Angeles basin.
- The 175 employees of ICS are distributed as follows:

- Marketing, sales	10
- Software services	20
- Consulting	10
- Computer operations	95
- General and administrative	40
	<hr/>
	175

*Subsidiary  
acquired by  
Imperial*

\* INPUT estimate

## COMPANY HIGHLIGHT/IMPERIAL COMPUTER SERVICES, INC.

- ICS management considers Xerox Computer Services, G. A. Smith Company, SBC, and Automatic Data Processing the major competition to its Carter and Network subsidiaries.

### KEY PRODUCTS AND SERVICES

- Imperial Computer Services, Inc. derives 90% of revenues from processing services of which 80% is batch services, 19% is interactive remote computing, and 1% is remote batch. The remaining 10% of revenues stem from professional services.
- Network Data Processing offers the On-Line Terminal Information System (OTIS) for wholesale distributors. Applications include:
  - Accounts receivable.
  - Accounts payable.
    - Inventory control.
    - Orders and invoices.
    - Sales analysis.
  - Network Data Processing has 25 clients.
- Carter Associates offers the following applications in batch and remote batch modes.
  - General Accounting System includes:
    - General ledger.
    - Accounts payable.
    - Accounts receivable.
    - Labor and personnel reporting.
    - Fixed assets accounting.
  - Manufacturing Control System includes:
    - Inventory management.
    - Purchase order processing.
    - Job costing.
    - Bill of material.
    - Work in process.
    - Shop and work order systems.
    - Materials requirements planning.
    - On-line Process Flow System (tracks semiconductor processing stages from wafer through product assembly and shipping).
  - Marketing System includes:
    - Order entry.
    - Order tracking.
    - Booking.
    - Billing and backlog reports.
    - Invoices.
    - Forecasting.
    - Commissions accounting.
  - Carter Associates has approximately 60 clients. The average monthly processing fee is approximately \$4,000 to \$6,000.

## COMPANY HIGHLIGHT/IMPERIAL COMPUTER SERVICES, INC.

- Ten percent of ICS's business is professional services. The Systems and Consulting Division provides management consulting services to banks or large corporations for electronic banking and data base management systems. They currently serve more than 12 clients.
- The I.T.S. Financial turnkey mortgage loan system is called OPTIMUM. It tracks and processes loans from application through funds disbursement.
  - OPTIMUM is based on a Microdata minicomputer. Microdata provides maintenance for the computer hardware, I.T.S. maintains and upgrades the proprietary software for its users.
  - Features of the OPTIMUM system include:
    - Document preparation of all forms.
    - Pipeline tracking reports which show all pertinent loan information for financial and work load planning.
    - Warehouse reports which give timely access to all funded loans available for sale.
    - Commitment control reports.
    - English report generation.
  - Sold on a purchase only basis, the price ranges from \$75,000 to \$200,000. There are currently three OPTIMUM turnkey system installations.
  - Management claims there is little competition for OPTIMUM at this time.

## INDUSTRY MARKETS

- Fifty percent of ICS revenues are derived from the discrete manufacturing industry, particularly manufacturers of components from the ICS Northern California operations division (Carter Associates). Of the remaining 50%, commercial banks account for 20% and distributors 30%.

## GEOGRAPHIC MARKETS

- ICS's business is concentrated in California. Management intends to expand to other major cities and has recently opened a New York sales office. The other sales office is the Torrance, California headquarters.

## COMPUTER HARDWARE AND SOFTWARE

- Batch and remote batch services are provided by ICS Northern California operations division (Carter Associates) by means of:
  - One Intel AS/3.5 running under DOS/MVT operating system.
  - One IBM System/360 Model 40 running under DOS/MVT.



COMPANY HIGHLIGHT/IMPERIAL COMPUTER SERVICES, INC.

- Interactive remote computing services are provided by ICS Southern California operations division (Network Data Processing) using leased lines. Mainframes used in the network are:
  - One Intel AS/5.3 running under DOS/VS.
  - One Honeywell 2300.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

October 1994

## IMREX Computer Systems, Inc.

**President:** Robert Schilt  
**307 East Shore Road**  
**Great Neck, NY 11023**  
**Phone:** (516) 466-5210  
**Fax:** (516) 466-3341

Status:	Subsidiary
Parent:	The Imrex Group
Employees:	150 (9/94)
Revenue:	\$ 35,000,000*
Fiscal Year End:	12/31/93

\*INPUT estimate

### Key Points

- IMREX Computer Systems, Inc. (IMREX) is a leading source for logistics applications systems for the IBM AS/400™.
- In February 1994, IMREX closed its international offices/operations, reducing the total number of employees from 300 to 150. International sales are now being handled by distributors.
- In early 1993, IMREX accomplished the first major goal in its quest for world-class quality

by obtaining International Standards Organization (ISO) 9001 certification at its U.K.-based subsidiary, IMREX Systems International.

- In April 1993, IMREX announced the availability of Remote Order Processing as part of its International Logistics System/400 (ILS/400) product offering. Through the use of wireless communications, IMREX customers may now equip their outside sales forces with real-time access to the ILS/400 data base.

### Company Description

IMREX, founded in 1979, provides logistics applications systems for the IBM AS/400™. The company also provides associated customer support, product development, project

management, programming, business consulting and technical professional services.

IMREX is a member of The Imrex Group, headed by Imrex Company, Inc., a major manufacturer and distributor of high-tech electronic components, subcomponents, aircraft and aerospace-related products, as well as automotive and precision-tooled equipment.

- The Imrex Group, based in Great Neck (NY), is a privately held company.
- IMREX's products and support services are also provided to Imrex Company.

### Operations and Structure

IMREX is headquartered in Great Neck (NY). Other North American offices are in Chicago (IL) and Toronto (Canada).

Other affiliate offices are in Monterrey (Mexico) and Quebec (Canada).

International offices are in Hong Kong, Singapore and New Zealand.

ILS/400 is marketed outside the U.S. by IMREX International, Ltd. and by agents and distributors throughout the U.K., Western Europe and the Pacific Rim.

### Company Strategy

IMREX's strategy is to focus on offering high-end logistics solutions for IBM midrange platforms—specifically the AS/400™.

- The IBM AS/400™ has a strong presence in large Fortune-sized corporations as well as in the lower end of the market.
- Communications capabilities of the IBM AS/400™ permit IMREX to add back-end inventory and warehouse management systems

to existing mainframe-based front-end order processing systems.

The company's long-term strategy is to sell its products worldwide using its network of IMREX offices and distributors. Currently, IMREX is only selling in the English-speaking countries in the Far East but is developing multilingual products that can be sold in China, Japan and Korea.

### Financials

INPUT estimates IMREX's 1993 revenue was \$35 million, compared to \$30 million in 1992 and \$25 million in 1991.

### Market Financials

IMREX Computer Systems markets its products and services primarily to:

- Medium-sized to very large wholesale distributors (over 100 employees and more than \$50 million in sales)
- Manufacturing companies with heavy distribution requirements (over 100 employees and more than \$50 million in sales)
- Retail organizations with heavy distribution requirements (over 100 employees and more than \$50 million in sales)

Industries served include wholesale distribution (durable/nondurable); communications, computer and electronic equipment; consumer goods; cosmetics and fragrances; food distribution; industrial supplies; health care product distribution; office supplies; paper; pharmaceuticals; plumbing and electric; public warehouses; publishing; sporting goods; transportation; media; glass; housewares; health and beauty aids.

Approximately 65% of IMREX's revenue is derived from applications software products and 35% from associated professional services.

### Geographic Markets

Approximately 55% of IMREX's 1993 revenue was derived from the U.S. and 45% from international sources.

### Employees

As of December 1993, IMREX Computer Systems had approximately 300 employees. The company currently has approximately 150 employees.

### Key Products and Services

The IMREX International Logistics System/400 (ILS/400) is a fully integrated, closed-loop system that supports the full distribution requirements of domestic and international clients with single or multiple sites.

- ILS/400, which is SAA and CUA compliant, runs on the IBM AS/400™ system and addresses order entry, purchasing, inventory and warehouse management functions via modular logistics applications.
- ILS/400 also provides on-line, real-time updating of the data base in multiuser, multicompany, multiwarehouse and multicurrency environments.
- ILS/400 modules include:
  - Order Entry & Invoicing
  - Marketing Plus
  - Remote Order Processing
  - Inventory Management
  - Cycle Counting
  - Purchase Order Management
  - Import Purchase Order Management

- Commission Reporting
- Sales Analysis
- Demand Forecasting
- Distribution Resource Planning
- Transportation/Freight & Export System
- Showcase Vista Executive Information System (EIS)
- Bar Coding
- Radio Frequency Connect
- EDI/Assist
- Warehouse Location
- Warehouse Productivity

- Other modules available include Item Bill of Material, Shop Floor Control, Material Requirements Planning and Master Production Scheduling.
- There are currently over 550 ILS/400 customers worldwide.

IMREX's World-Wide Financial System/400 (WWF/400) supports the demands of the global market, allowing for rapid change or planned growth.

- Features include multicurrency processing, flexible data formats, externally defined files and multiple charts of accounting structures.
- WWF/400, which is fully integrated with ILS/400, was designed with CASE technology and is fully SAA and CUA compliant.
- WWF/400 modules include:
  - Accounts Receivable & Collections
  - Accounts Receivable with Auto Cash/Lock Box
  - Accounts Payable
  - General Ledger
  - General Ledger with Report Writer

IMREX's Warehouse Management System provides tools to manage primary warehouse activities and a choice of integrated modules to build a distribution system that matches business requirements.

- The system can be fully implemented with just the base module, which includes critical functions such as receiving and inventory management, warehouse configuration, warehouse location, picking and dispatching.
- Additional features can be added at any time, such as AS/400 Radio Frequency Connect, Bar Coding, Transportation/Freight, Export/Import and Sales Order Processing.

IMREX's Pharmaceutical Logistics System (PLS) contains all the functionality of the ILS/400 solution together with added capabilities to support the industry-specific requirements of the pharmaceutical industry.

- Whether the pharmaceutical environment is generic, controlled substances, OTC, or Rx, IMREX PLS controls and automates the entire distribution operation, including telesales, purchasing, inventory and warehouse management. Modules for Remote Order Processing, Radio Frequency Connect, Bar Coding, EDI/Assist, Distribution Resource Planning, Demand Forecasting and Transportation/Freight are also available.
- The system handles the requirements for DEA license validation, ARCOS reporting, suspicious order tracking, bids and contracts, rebates, chargebacks, DEA Form 222 verification, enhanced product information, lot recall processing and daily DACCA listing.

Software and support services include user and technical training, user and technical

documentation, toll-free hotline support and annual maintenance and support programs.

Professional services provided include data conversions, communications, consulting, project management, protection and security features, research and development, analysis and design, implementation assistance and warehousing consulting and training.

### Clients

A sample of clients includes Goldline Laboratories, Inc., Cleveland Cotton Products, Freezer Services, Inc., GE Appliances Caribbean, Inc., Nettlefolds and The Gates Rubber Co. Ltd. (Tredaire Division).

### Marketing and Sales

In North America, IMREX markets its products and services through a direct sales force and through agreements with various vendors.

Internationally, IMREX markets its products through distributors.

### Alliances

IMREX is a member of IBM's Business Partner Program. In the U.K., IBM has designated ILS/400 as its logistics product of preference and IMREX is an IBM International Business Associate.

IMREX has selected Les Services Serti Inc. as the exclusive distributor of ILS/400 and WWF/400 software for Canada.

In May 1993, IMREX entered into a joint marketing, software developer agreement with Synon, developer of applications development and CASE products for the AS/400TM. As a Synon Alliance Member, IMREX endorses the use of the Synon CASE product for its own software development and is able to recommend

and market Synon to its customers at discounted prices.

In April 1993, IMREX entered into a business partner agreement with Business Partner Solutions, Inc. (BPSI), a Westmont (IL)-based communications integrator with products and services to bridge the communications gap between mobile personnel and information resources. IMREX has integrated BPSI's AS/MESSENGER RadioPac software into its Order Entry & Invoicing software module to streamline the sales process by providing field sales personnel with remote access tools. The ARDIS (Advanced Radio Data Information Service) network is a nationwide, radio-based, point-to-point, terminal-to-host and host-to-terminal service based on Motorola and IBM technology.

In March 1993, IMREX entered into a marketing agreement with E3 Associates, Ltd. to jointly produce integrated business systems for distribution companies. Under the agreement, IMREX provides its ILS/400 applications for distribution, freight, transportation and warehousing, and E3 provides inventory management software and support for retail companies and wholesale distribution.

In February 1993, IMREX named Data Net Inc. as its preferred bar code reader vendor. Data Net's line of PC-based products facilitate data collection using scanning and other methods and interface to IMREX's ILS/400 product.

In January 1993, IMREX became a value-added reseller for ShowCase Vista, Rochester Software Connection's Windows-based executive information system.

IMREX's international subsidiary, IMREX Systems International Limited and Hoskyns

Group plc are working together to offer total solutions to the logistics marketplace—Hoskyns is offering consulting services with IMREX's ILS/400 advanced logistics system. The companies are also jointly sponsoring a series of seminars on business logistics and related subjects.

### Competitors

IMREX's primary competitors include: J.D. Edwards, JBA International and Freidman Associates.

### Assessment

IMREX's strengths include its knowledge of the logistics industry and its CASE driven product line which can address future technologies.

Challenges include strategically planning the company's growth.

### Parent Company

The Imrex Group  
307 East Shore Road  
Great Neck, NY 11023





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**IMREX COMPUTER SYSTEMS, INC.**

307 East Shore Road  
Great Neck, NY 11023  
Phone: (516) 466-5210  
Fax: (516) 466-3341

President: Robert Schilt  
Status: Wholly Owned Subsidiary  
Parent: The Imrex Group  
Total Employees: 300  
Total Revenue: \$30,000,000\*  
Fiscal Year End: 12/31/92

\*INPUT estimate

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**Key Points**

- IMREX Computer Systems, Inc. (IMREX) is a leading source for logistics applications systems for the IBM AS/400™.
- In early 1993, IMREX accomplished the first major goal in its quest for world-class quality by obtaining International Standards Organization (ISO) 9001 certification at its U.K.-based subsidiary, IMREX Systems International.
- In April 1993, IMREX announced the availability of Remote Order Processing as part of its International Logistics System/400 (ILS/400) product offering. Through the use of wireless communications, IMREX customers may now equip their outside sales forces with real-time access to the ILS/400 data base.

**Company Description**

IMREX, founded in 1979, provides logistics applications systems for the IBM AS/400™. The company also provides associated customer support, product development, project management, programming, business consulting, and technical professional services.

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- The Imrex Group, based in Great Neck (NY), is a privately held company.
- IMREX's products and support services are also provided to Imrex Company.

**Strategy**

IMREX's strategy is to focus on offering high-end logistics solutions for IBM midrange platforms--specifically the AS/400™.

- The IBM AS/400™ has a strong presence in large Fortune-sized corporations as well as in the lower end of the market.
- Communications capabilities of the IBM AS/400™ permit IMREX to add back-end inventory and warehouse management systems to existing mainframe-based front-end order processing systems.

The company's long-term strategy is to sell its products worldwide using its network of IMREX offices and distributors. Currently, IMREX is only selling in the English-speaking countries in the Far East but is developing multilingual products that can be sold in China, Japan, and Korea.

**Financials**

INPUT estimates IMREX's 1992 revenue was approximately \$30 million, a 20% increase over 1991 revenue of \$25 million.

**Alliances**

IMREX is a member of IBM's Cooperative Software Program and is an Industry Application Specialist in the U.S. In the U.K., IBM has designated ILS/400 as its logistics product of preference, and IMREX is an IBM International Business Associate.

In May 1993, IMREX entered into a joint marketing, software developer agreement with Synon, developer of applications development and CASE products for the AS/400™. As a Synon Alliance Member, IMREX endorses the use of the Synon CASE

product for its own software development and is able to recommend and market Synon to its customers at discounted prices.

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IMREX's international subsidiary, IMREX Systems International Limited, and Hoskyns Group plc are working together to offer total solutions to the logistics marketplace--Hoskyns is offering consulting services with IMREX's ILS/400 advanced logistics system. The companies are also jointly sponsoring a series of seminars on business logistics and related subjects.

## **Employees**

IMREX currently has 300 employees.

## **Key Products and Services**

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The IMREX International Logistics System/400 (ILS/400) is a fully integrated, closed-loop system that supports the full distribution

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- ILS/400 also provides on-line, real-time updating of the data base in multiuser, multicompany, multiwarehouse, and multicurrency environments.
- ILS/400 modules include:
  - Order Entry & Invoicing
  - Marketing Plus
  - Remote Order Processing
  - Inventory Management
  - Cycle Counting
  - Purchase Order Management
  - Import Purchase Order Management
  - Commission Reporting
  - Sales Analysis
  - Demand Forecasting
  - Distribution Resource Planning
  - Transportation/Freight & Export System
  - Showcase Vista Executive Information System (EIS)
  - Bar Coding
  - Radio Frequency Connect
  - EDI/Assist
  - Warehouse Location
  - Warehouse Productivity
- Other modules available include Item Bill of Material, Shop Floor Control, Material Requirements Planning, and Master Production Scheduling.
- There are currently over 550 ILS/400 customers worldwide.

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- Features include multicurrency processing, flexible data formats, externally defined files, and multiple charts of accounting structures.
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  - Accounts Receivable & Collections
  - Accounts Receivable with Auto Cash/Lock Box
  - Accounts Payable
  - General Ledger
  - General Ledger with Report Writer

IMREX's Warehouse Management System provides tools to manage primary warehouse activities and a choice of integrated modules to build a distribution system that matches business requirements.

- The system can be fully implemented with just the base module, which includes critical functions such as receiving and inventory management, warehouse configuration, warehouse location, picking, and dispatching.
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- Whether the pharmaceutical environment is generic, controlled substances, OTC, or Rx, IMREX PLS controls and automates the entire distribution operation, including telesales, purchasing, inventory, and warehouse management. Modules for Remote Order Processing, Radio Frequency Connect, Bar Coding, EDI/Assist, Distribution Resource Planning, Demand Forecasting, and Transportation/Freight are also available.
- The system handles the requirements for DEA license validation, ARCOS reporting, suspicious order tracking, bids and contracts, rebates, chargebacks, DEA Form 222 verification, enhanced product information, lot recall processing, and daily DACCA listing.

Software and support services include user and technical training, user and technical documentation, toll-free hotline support, and annual maintenance and support programs.

Professional services provided include data conversions, communications, consulting, project management, protection and security features, research and development, analysis and design, implementation assistance, and warehousing consulting and training.

**Industry Markets**

IMREX Computer Systems markets its products and services primarily to:

- Medium-sized to very large wholesale distributors (over 100 employees and more than \$50 million in sales)
- Manufacturing companies with heavy distribution requirements (over 100 employees and more than \$50 million in sales)
- Retail organizations with heavy distribution requirements (over 100 employees and more than \$50 million in sales)

Industries served include wholesale distribution (durable/nondurable); communications, computer and electronic equipment; consumer goods; cosmetics and fragrances; food distribution; industrial supplies; health care product distribution; office supplies; paper; pharmaceuticals; plumbing and electric; public warehouses; publishing; sporting goods; transportation; media; glass; housewares; health and beauty aids.

**Geographic Markets**

Approximately 45% of IMREX's 1992 revenue was derived from the U.S. and 55% from international sources.

IMREX is headquartered in Great Neck (NY). Other North American offices are in San Francisco (CA), Chicago (IL), and Toronto (Canada). Other affiliate offices are in Overland Park (KS), Richmond (VA), Dallas (TX), Monterrey (Mexico), and Quebec (Canada).

International offices are in the U.K., France, Spain, Australia, Hong Kong, Singapore, and New Zealand.

ILS/400 is marketed outside the U.S. by IMREX International, Ltd. and by agents and distributors throughout the U.K., Western Europe, and the Pacific Rim.

## COMPANY PROFILE

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### **IMREX COMPUTER SYSTEMS, INC.**

307 East Shore Road  
Great Neck, NY 11023  
(516) 466-5210

Robert Schilt, President  
Wholly Owned Subsidiary of  
The Imrex Group  
Total Employees: 325  
Total Revenue, Fiscal Year End  
12/31/91: \$25,000,000\*

\*INPUT estimate

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### **The Company**

IMREX Computer Systems, Inc. (IMREX), founded in 1979, provides logistics applications systems for the IBM AS/400. The company also provides associated customer support, product development, project management, programming, business consulting, and technical professional services. IMREX is a member of IBM's Cooperative Software Program and is an Industry Application Specialist in the U.S.

IMREX is a member of The Imrex Group, headed by Imrex Company, Inc., a major manufacturer and distributor of high-tech electronic components, subcomponents, aircraft, and aerospace-related products, as well as automotive and precision-tooled equipment.

- The Imrex Group, based in Great Neck (NY), is a privately held company.
- INPUT estimates that the majority of IMREX's business operations are from noncaptive sources. Products and support services are also provided to Imrex Company.

IMREX currently has approximately 325 employees, of which over 200 are located in the U.S. and the remainder in various international locations.

### **Key Products and Services**

Approximately 65% of IMREX's revenue is derived from applications software products and 35% from associated professional services.

The IMREX Information Logistics System/400 (ILS/400) is a fully integrated, closed-loop system that supports the full distribution requirements of domestic and international clients with single or multiple sites.

- ILS/400, which is SAA and CUA compliant, runs on the IBM AS/400 system and addresses order entry, purchasing, inventory, and warehouse management functions via modular logistics applications.
- ILS/400 also provides on-line, real-time updating of the data base in multiuser, multicompany, multiwarehouse, and multicurrency environments.
- ILS/400 modules include:
  - Order Entry & Invoicing
  - Marketing Plus
  - Inventory Management
  - Warehouse Management
  - Cycle Counting
  - Commission Reporting
  - Radio Frequency Connect
  - Bar Coding
  - Sales Analysis
  - Purchase Order Management
  - Import Purchase Order Management
  - Demand Forecasting
  - Distribution Resource Planning
  - Transportation/Freight
  - EDI/Assist
- There are currently over 450 ILS/400 customers worldwide.

IMREX's World-Wide Financial (WWF) System supports the demands of the global market, allowing for rapid change or planned growth.

- Features include multicurrency processing, flexible data formats, externally defined files, and multiple charts of accounting structures.
- WWF is fully integrated with ILS/400, was designed with CASE technology, and is fully SAA and CUA compliant.
- WWF modules include:
  - Accounts Receivable & Collections
  - Accounts Receivable Auto Cash with Lock Box
  - Accounts Payable
  - General Ledger with Report Writer



Additional software available from IMREX includes Item Bill of Material, Shop Floor Control, Material Requirements Planning, and Master Production Scheduling.

IMREX has also developed several vertical market systems based on ILS/400 for the steel and metal distribution, automotive/aviation aftermarket, food distribution, cosmetics and fragrance/pharmaceuticals, and health care products industries. In each case, ILS/400 has been enhanced to include the industry-specific capabilities and functionality mandated by users of the respective vertical market package.

Software and support services include user and technical training, user and technical documentation, toll-free hotline support, and annual maintenance and support programs.

Professional services provided include total systems integration, data conversions, communications, consulting, project management, protection and security features, research and development, analysis and design, implementation, and warehousing consulting.

### **Industry Markets**

IMREX Computer Systems markets its products and services primarily to:

- Medium-sized to very large wholesale distributors (over 100 employees and more than \$50 million in sales)
- Manufacturing companies with heavy distribution requirements (over 100 employees and more than \$50 million in sales)
- Retail organizations with heavy distribution requirements (over 100 employees and more than \$50 million in sales)

Industries served include wholesale distribution (durable/nondurable), automotive/aviation aftermarket, chemical, communications, computer and electronic equipment, consumer goods, cosmetics and fragrances, food distribution, industrial supplies, office supplies, paper, pharmaceuticals, plumbing and electric, public warehouses, publishing, sporting goods, and steel and metals distribution.

### **Geographic Markets**

Approximately 45% of IMREX's 1991 revenue was derived from the U.S. and 55% from international sources.

IMREX is headquartered in Great Neck (NY). Other North American offices are in Atlanta (GA), Boston (MA), Chicago (IL),

Dallas (TX), Detroit (MI), Los Angeles and San Francisco (CA), Raleigh (NC), Tarrytown (NY), and Toronto (Canada). Other sales and affiliate locations are in Charlotte (NC), Houston (TX), Huntsville (AL), and Miami (FL).

International offices are in the U.K., France, Spain, Australia, Hong Kong, Singapore, and New Zealand.

ILS/400 is marketed outside the U.S. by IMREX International, Ltd. and by agents and distributors throughout the U.K., Western Europe, and the Pacific Rim.

## COMPANY HIGHLIGHT

**INCO, INC.**  
8260 Greensboro Drive  
McLean, VA 22102  
(703) 442-7960

Warren Polk, President  
Private Company  
Total Employees: 210  
Total Revenue, Fiscal Year End  
3/31/81: \$10,000,000

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### PRINCIPAL BUSINESS

- INCO, Inc., established in June 1971, specializes in professional services to government agencies in the areas of command and control, communications, simulation, and information handling systems.
- INCO introduced microcomputer systems in 1974 for use in contract preparation, text editing, budgeting, and general business processing.

### SOURCES OF REVENUE

- 98% Professional services.
- 2% Turnkey systems.

### PRODUCTS AND SERVICES

- INCO provides professional services primarily to intelligence and military agencies of the federal government. Key areas of expertise are communications, networking, and technology transfer (software to connect a variety of different hardware).
- Other professional services provided include:
  - Data collection and requirements definition.
  - Data base management planning and implementation.
  - Information processing/dissemination technology.
  - Intelligence exercise planning.
  - Office automation planning and services.
  - Software services and technical writing.
  - System architecture studies and integration services.
  - System design, development, test, performance evaluation, installation and maintenance.
  - Systems analysis, concept development and system requirement definition.
  - Training development.

- Approximately 60% of 1980 revenue was derived from research and development projects where the finished products were reports and analyses of systems and software products. Typical projects include:
  - Application of higher order languages to system software and communication/network software development.
  - Application of microtechnology studies and development.
  - Development of user/network/data base "transparency" techniques.
  - Distributed systems for resource sharing.
  - Intercomputer communications studies and development (i.e., restart/recovery).
  - Multicomputer configurations for distributed processing.
  - Performance monitoring and evaluation studies and development.
  - Worldwide access to distributed data bases.
  - Worldwide communications/network systems.
  - Worldwide exercise of resources (systems and people).
  - Worldwide ground order of battle system.
  - Worldwide system of architecture studies and design.
- Approximately 40% of 1980 revenue was derived from the design and implementation of software systems. Typical projects include:
  - Design and development of intercommunication gateways for computer netting.
  - Design and development of multiterminal timesharing systems.
  - Design, development, and worldwide installation of communications software to internet sites.
  - Design, development, and worldwide installation of standard application support software.
  - Indications and warning systems.
  - Message distribution systems.
  - Photo intelligence management processing (Photint).
  - Space object identification systems.
- INCO has experience in designing systems for most IBM, Xerox, Control Data, Univac, Honeywell, DEC, Intel, and Motorola computers and operating systems.
- The majority of INCO's clients are defense related government agencies such as the Air Force, the Defense Intelligence Agency, Strategic Air Command, and the Army.
- Since 1974, INCO has been marketing a microcomputer system under the generic name INCO 8000-series. Approximately 25 systems have been installed. All systems are configured to clients' requirements.

## INCO, INC.

- Most projects involve system review, analysis, specification, and design. Systems are available with Intel 8080A or Zilog 280 microcomputers. INCO assembles systems from components to meet individualized needs.
- Systems installed for the government include a contract writing system for the Air Force Space and Missile System organization, an enhanced contract system for the Department of Energy, software to support the Army Intelligence Handling System, and work on the ARES project.
- Systems installed for commercial clients include a label printing system for the Franklin Mint, an accounting system for Ritter and Company, and a Medical Information System for a health care client.
- Systems range in price from \$10,000 to \$500,000, depending on configuration and complexity.

### INDUSTRY MARKETS

- INCO provides services primarily to the federal government (95%) with a minor portion (5%) coming from the private sector.

### GEOGRAPHIC MARKETS

- INCO services are concentrated around major federal government and military installations. INCO maintains offices in Arlington, McLean, Norfolk, and Rosslyn, VA; Colorado Springs, CO; Dayton, OH; Honolulu, HI; Rome, NY; Heidelberg and Stuttgart, West Germany; and Brussels, Belgium.
- INCO's European operations are in support of U.S. government projects.

### COMPUTER HARDWARE

- INCO operates DEC PDP-11/45 and DEC PDP-11/70 minicomputers for research and development activities from its McLean location.
- The microcomputer division operates a number of microcomputers for system design activities.



## COMPANY PROFILE

INDEX SYSTEMS, INC.  
5 Cambridge Center  
Cambridge, MA 02142  
(617) 492-1500

Thomas P. Gerrity, Chairman and CEO  
Private Corporation  
Total Employees: 140  
Total Revenue, Fiscal Year End  
10/31/86: \$15,000,000\*

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### THE COMPANY

- Index Systems, Inc., incorporated in 1969, provides professional services including consulting and education and training to a broad range of industries.
- INPUT estimates that Index Systems' fiscal 1986 revenue reached \$15 million, a 50% increase over fiscal 1985 revenue of \$10 million.
- In March 1985, Index Systems and Hammer and Company announced the Partnership for Research in Information Systems Management (PRISM), a multi-client research service that conducts studies on contemporary issues in the management of information management.
- During 1986 Index Systems announced the Index Institute, an educational offering for business and information services professionals, and the Index Forum, a membership organization for senior information systems professionals.
- Divestitures made by Index Systems include the following:
  - In June 1984, Index Systems sold its Financial Services Group to SEI Corporation for \$4.3 million. This group provided application software products and consulting services to the financial services industry.
  - In 1983, Applied Expert Systems (ApEx), a former Index Systems affiliate, was spun off as a separate company. ApEx, founded by Index Systems in 1982, develops knowledge-based expert systems products (such as PlanPower) for the financial services industry using artificial intelligence technology.
  - Also in 1983, Index Technology Corporation (Intech), an Index Systems subsidiary, was spun off as a separate company. Intech developed and now markets Excelsior (formerly called the Index Development Environment), an application development workstation.

\*INPUT estimate

- Index Systems currently has 140 employees, segmented as follows:

Consulting professionals	101
Other professionals	10
General and administrative	<u>29</u>
	140

- Primary competitors to Index Systems include Arthur D. Little, McKinsey & Co., Booz, Allen & Hamilton, Nolan, Norton & Co. (Peat Marwick), and Arthur Andersen.

## KEY PRODUCTS AND SERVICES

- One hundred percent of Index Systems' fiscal 1986 revenue was derived from professional services. Of that, approximately 75% was derived from consulting services and 25% from education and training.
- Consulting services provided by Index Systems include the following:
  - Strategic systems planning.
  - Applications planning.
  - Technology (hardware) planning.
  - Information systems management assessment.
  - Information systems management: applications development; technology management; human resource planning and development; budgeting and cost control; and chargeout.
  - Management in developing and implementing management support systems (decision support and executive information systems).
  - Requirements definitions and feasibility analyses for hardware and software selection.
  - Assists clients involved in changing their line of business through the use of information technology.
  - Assists clients in developing marketing and sales strategies using information technology.
- Through Partnership for Research in Information Systems Management (PRISM), Index Systems and Hammer and Company provides research services related to the management of information systems.
  - PRISM sponsorship is offered to major corporations and non-profit organizations on an annual basis. Sponsoring firms participate in one major research project and three focused research projects each year.
  - There are currently 50 PRISM clients.
- The Index Forum is a membership organization made up of senior information systems executives from major corporations. Its charter is to improve effectiveness in managing the use of information and computer-based technologies through sharing of personal experiences and expert advice.



- Education and training services provided by Index Systems include the following:
  - The Index Institute addresses the management of information and technology as an integral part of a company's business. The Institute is designed to meet the educational needs of both business and information systems professionals.
  - The company offers a series of one- to five-day seminars at client locations. Topics include managing the information systems function, strategic business planning and implementation, project management, information systems human resource management, and the executive use of personal computing.
  - A second in-house education service combines seminars with consulting on the management of systems projects.

#### INDUSTRY MARKETS

- Index Systems provides services to a broad range of industries including discrete and process manufacturing, transportation, utilities, banking and finance, insurance, medical, retail and wholesale distribution, federal government, communications, and services.
- Index Systems targets Fortune 500 companies. Clients include Aetna Life & Casualty, AT&T, Atlantic Richfield, DuPont, General Mills, Honeywell Information Systems, TRW Equipment Group, Wang Laboratories, Prime Computer, and Xerox.

#### GEOGRAPHIC MARKETS

- Approximately 65% of Index Systems' fiscal 1986 revenue was derived from the U.S., 25% from Europe, and 5% from Canada. The remaining 5% was derived from other international markets.
- Headquartered in Cambridge (MA), Index Systems has U.S. branch offices in New York City and Santa Monica (CA). Foreign branch offices are located in London and Paris.

#### COMPUTER HARDWARE

- Index Systems has a DEC VAX installed at its headquarters in Cambridge.



## COMPANY PROFILE

INDEX SYSTEMS, INC.  
5 Cambridge Center  
Cambridge, MA 02142  
(617) 492-1500

Thomas P. Gerrity, President and CEO  
Private Corporation  
Total Employees: 150  
Total Revenue, Fiscal Year End  
10/31/85: \$10,000,000\*

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### THE COMPANY

- Index Systems, Inc., incorporated in 1969, provides professional services including consulting and education and training to a broad range of industries.
- INPUT estimates that Index Systems' fiscal 1985 revenue reached \$10 million.
- In March 1985, Index Systems and Hammer and Company announced the Partnership for Research in Information Systems Management (PRISM), a multi-client research service that conducts studies on contemporary issues in the management of information management.
- Divestitures made by Index Systems include the following:
  - In June 1984, Index Systems sold its Financial Services Group to SEI Corporation for \$4.3 million. This group provided application software products and consulting services to the financial services industry.
  - In 1983, Applied Expert Systems (ApEx), a former Index Systems affiliate, was spun off as a separate company. ApEx, founded by Index Systems in 1982, develops knowledge-based expert systems products for the financial services industry using artificial intelligence technology.
  - Also in 1983, Index Technology Corporation (Intech), an Index Systems subsidiary, was spun off as a separate company. Intech developed and now markets the Index Development Environment, an application development workstation.
- Index Systems currently has 140 employees, segmented as follows:

Consulting professionals	101
Other professionals	10
General and administrative	<u>29</u>
	140
- Primary competitors to Index Systems include Arthur D. Little, Arthur Andersen, Arthur Young, and Boston Consulting Group.

\*INPUT estimate

## KEY PRODUCTS AND SERVICES

- One hundred percent of Index Systems' fiscal 1985 revenue was derived from professional services. Of that, approximately 75% was derived from consulting services and 25% from education and training.
- Consulting services provided by Index Systems include the following:
  - Strategic systems planning.
  - Applications planning.
  - Technology (hardware) planning.
  - Information system management assessment.
  - Information systems management: applications development; technology management; human resource planning and development; budgeting and cost control; and chargeout.
  - Management in developing and implementing management support systems (decision support and executive information systems).
  - Requirements definitions and feasibility analyses for hardware and software selection.
- Through Partnership for Research in Information Systems Management (PRISM), Index Systems and Hammer and Company provides research services related to the management of information systems.
  - PRISM sponsorship is offered to major corporations and non-profit organizations on an annual basis. Sponsoring firms participate in one major research project and three focused research projects each year.
  - There are currently 42 PRISM clients.
- Education and training services provided by Index Systems include the following:
  - The company offers a series of one- to five-day seminars at client locations. Topics include managing the information systems function, strategic business planning and implementation, project management, information systems human resource management, and the executive use of personal computing.
  - A second in-house education service combines seminars with consulting on the management of systems projects.

## INDUSTRY MARKETS

- Index Systems provides services to a broad range of industries including discrete and process manufacturing, transportation, utilities, banking and finance, insurance, medical, retail and wholesale distribution, federal government, communications, and services.

## INDEX SYSTEMS, INC.

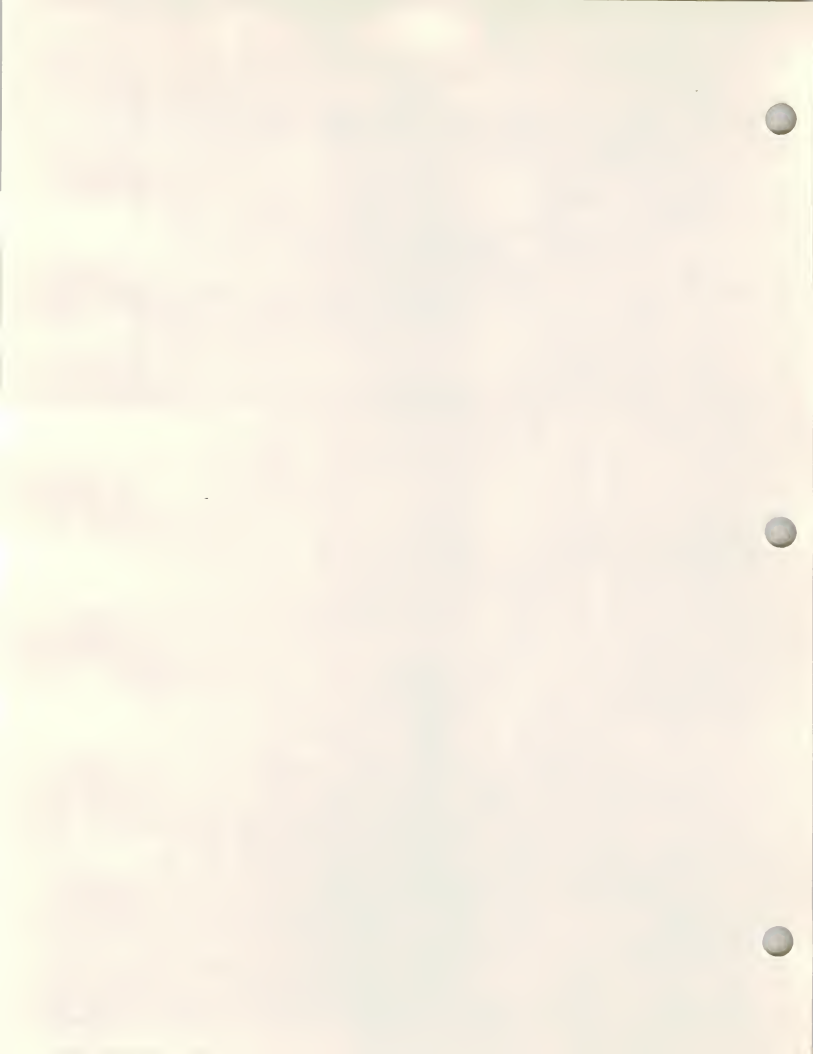
- Index Systems targets Fortune 500 companies. Clients include Aetna Life & Casualty, AT&T, Atlantic Richfield, DuPont, General Mills, Honeywell Information Systems, TRW Equipment Group, Wang Laboratories, Prime Computer, and Xerox.

### GEOGRAPHIC MARKETS

- Approximately 70% of Index Systems' fiscal 1985 revenue was derived from the U.S., 20% from Europe, and 5% from Canada. The remaining 5% was derived from other international markets.
- Headquartered in Cambridge (MA), Index Systems has U.S. branch offices in New York City and Santa Monica (CA). Foreign branch offices are located in London and Paris.

### COMPUTER HARDWARE

- Index Systems has a DEC VAX installed at its headquarters in Cambridge.



## COMPANY PROFILE

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### **INDEX TECHNOLOGY CORPORATION**

One Main Street  
Cambridge, MA 02142  
(617) 494-8200

Richard A. Carpenter, President and CEO  
Public Corporation, OTC  
Total Employees: 230 (11/88)  
Total Revenue, Fiscal Year End  
12/31/87: \$21,963,000

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### **The Company**

Index Technology Corporation, founded in 1983, develops and markets a family of computer-aided software engineering (CASE) products for systems analysts and designers in various industries. Index also offers software maintenance, training, and implementation support services to its clients.

The company's strategy is to provide a family of CASE products and services to support the entire systems development process. This strategy is based on the following elements:

- **Open Architecture:** The open architecture of Index Technology's Excelsator<sup>®</sup> allows customers to support their chosen development methodologies and allows Excelsator to be linked with other systems, applications, and development software. Excelsator interfaces with a range of back-end CASE products, including code generators, fourth-generation languages, and traditional programming languages.
- **Portability:** Excelsator operates on the full range of IBM microcomputers and compatibles, as well as workstations from DEC, Apollo, and Sun Microsystems. The user interface and design dictionary are consistent across all supported hardware, allowing customers to use Excelsator in heterogeneous computing environments.
- **Customization:** Index Technology's products are built on "Base Excelsator", a core technology that incorporates an integrated and extensible dictionary that allows development of Excelsator packages for different applications. Additional Index Technology products allow customers and third parties to develop interfaces with Excelsator/IS, Excelsator/RTS, and other customized Excelsator packages.
- **Customer Support Services:** The company provides training, consulting on CASE implementation issues, and product support services.

In June 1988, Index made an initial public offering of 1.6 million shares of its common stock. Net proceeds of approximately \$14.7 will be used for general corporate purposes.

Index Technology's 1987 revenue reached nearly \$22 million, a 45% increase over 1986 revenue of \$15.1 million. Net income rose 5%, from \$2.2 million in 1986, to \$2.3 million in 1987. A four-year financial summary follows:

**INDEX TECHNOLOGY CORPORATION  
FOUR-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR			
	1987	1986	1985	1984
Revenue	\$21,963	\$15,142	\$10,020	\$1,663
• Percent Increase from previous year	45%	51%	503%	*
Income (loss) before taxes and extraordinary items	\$4,054	\$2,975	\$1,290	\$(1,904)
• Percent Increase from previous year	36%	131%	*	*
Net income (loss)	\$2,262	\$2,164	\$1,239	\$(1,904)
• Percent increase from previous year	5%	(a) 75%	(a) *	*
Earnings (loss) per share	\$0.70	\$0.70	\$0.46	\$(1.53)
• Percent increase from previous year	--	(a) 52%	(a) *	*

\* Percent change not meaningful.

(a) Includes a tax benefit from utilization of loss and foreign tax credit carryforwards of \$428,000, or \$0.14 per share, for 1986, and \$677,000, or \$0.25 per share, for 1985.

Research and development expenditures, net of software capitalization, were approximately \$5.2 million (24% of revenue) in 1987, \$2.8 million (19% of revenue) in 1986, and \$1.3 million (13% of revenue) in 1985.

Index Technology management attributes revenue growth to increases in the number of units licensed and related increases in maintenance and customer training revenue.



Revenue for the nine months ending September 30, 1988 reached \$20.8 million, a 35% increase over \$15.5 million for the same period in 1987. Net income rose 8%, from \$1.6 million to \$1.75 million.

During 1986, Index Technology purchased 19% of the common stock of DeltaCom, Inc. for \$95,000 and in 1987 acquired the remaining outstanding stock of DeltaCom for \$200,000 in cash, \$405,000 in notes, plus guaranteed minimum future royalties. The acquisition was for purposes of obtaining certain software products, principally PC Prism, a microcomputer-based strategic systems planning product.

In addition to direct sales, Index Technology has cooperative marketing relationships with DEC, Sun Microsystems, and Apollo Computer.

- IBM makes Excelerator available through its domestic sales force under its Vendor Logo Program.
- Index Technology has value-added reseller agreements with AGS Management Systems, American Management Systems, Cincom, DACOM, Cap Sogeti Instruments, Holland Systems, Texas Instruments, and Italsiel S.p.a.
- The company also encourages the development of packages based on Excelerator by third parties through its Package Developer Program.

As of December 31, 1987, Index Technology employed 186 persons. Currently there are 230 employees.

Major competitors include Nastec, KnowledgeWare, Texas Instruments, and Cadre Technologies.

### **Key Products and Services**

Index Technology derives 100% of its revenue from its CASE software products and related services. Currently, approximately 87% of revenue is derived from software licenses, 9% from maintenance services, and 4% from implementation support.

A three-year historical summary of source of revenue follows:

**INDEX TECHNOLOGY CORPORATION  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ thousands)**

ITEM	FISCAL YEAR					
	1987		1986		1985	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Software licenses	\$19,215	87%	\$13,953	92%	\$9,734	97%
Maintenance and training	2,748	13%	1,189	8%	286	3%
<b>TOTAL</b>	<b>\$21,963</b>	<b>100%</b>	<b>\$15,142</b>	<b>100%</b>	<b>\$10,020</b>	<b>100%</b>

Excelerator offers tools to support the systems analysis, design, and documentation process.

- Base Excelerator facilities include graphics for the development, modification, and printing of diagrams; data base edit/query; reporting and advanced rule-based analyses; screen and report design; prototyping; documentation production; data sharing; an interface facility that enables the transfer of data between the dictionary and other products or languages; and a central dictionary that integrates the program's functions and provides cross-referencing and cross-checking analysis capabilities.
- Excelerator provides support for multiple users on a variety of local area networks, including PC LAN (IBM), 3COM (3COM Corporation), NetWare 286 (Novell, Inc.), and STARLAN (AT&T).
- Index Technology and third parties have developed links between Excelerator and a variety of back-end CASE products, including COBOL/2 Workbench (Micro Focus, Ltd.), TELON (Pansophic Systems), POWERHOUSE (Cognos Incorporated), MAGEC (Al Lee & Associates), and APS (Sage Software). These interfaces enable systems developers to design their systems, screens, and reports on Excelerator and then transfer them to an applications generator for the generation of code.
- Excelerator runs on IBM PS/2, PC/AT, PC/XT, and compatibles, and on DEC VAXstations, and Sun and Apollo workstations.

- Excelerator/IS provides support for software and systems development techniques most widely used for design of commercial MIS systems, which are typically written in COBOL.
  - Customers use Excelerator/IS to design a variety of applications, including personnel management, order entry, production scheduling, inventory control, and sales analysis.
  - Excelerator/IS provides all of Base Excelerator's facilities together with specific support for transaction-based and data base-oriented systems. The analysis capabilities of Excelerator/IS provide support specifically for data and process modelling and for the development of user-defined reports.
  - Excelerator/IS can also interface to various commercial data base management and data dictionary products, including IMS/DBDC and DB2 (IBM), ORACLE (Oracle Corporation), and dBASE III (Ashton-Tate).
  - Excelerator/IS is priced at \$8,400. There are approximately 10,000 installations worldwide.
- Excelerator/RTS™ is tailored to meet the requirements of organizations which design, develop, and document real-time (including embedded) systems, such as avionics, manufacturing process control, and communications systems.
  - Excelerator/RTS was designed and developed by Index Technology in 1986 in conjunction with six of its customers: The Boeing Company, Texas Instruments, Hughes Aircraft, Sperry Corporation, Northern Telecom Limited, and Rexnord Automation.
  - Excelerator/RTS provides all of Base Excelerator's dictionary, graphics, analysis, reporting, and documentation facilities, with specific support for structured techniques and languages required in this market, including the Ward-Mellor and Hatley techniques.
  - Excelerator/RTS is priced at \$8,400. Currently there are approximately 2,000 installations.

Customization products offered by Index Technology, used to create new versions of Excelerator to meet the requirements of specific markets, include the following:

- Customizer™ enables organizations to integrate Excelerator with their own approaches to develop custom software and systems.
  - Customizer is used to modify facilities and menus, customize dictionary entities and attributes, customize graphics techniques, establish calls to interface programs and custom analysis programs, and incorporate specific documentation standards or templates.
  - Customizer runs on IBM PC/XT, PC/AT, and compatibles, DEC VAXstations, and Sun and Apollo workstations.
  - Customizer is priced at \$12,500. There are 150 Customizer installations.
- XL/Programmer Interface™ (XL/PI) is a utility that directly accesses Excelerator's data dictionary and graphics file for communicating with mainframe data dictionaries, application generators, fourth generation languages, and custom analysis routines. XL/PI is included in Customizer. or may be licensed separately for \$995.
- Using Customizer and XL/PI, Index Technology has developed interfaces with products such as PageMaker (Aldus Corporation), Technical Publishing Software (Interleaf), Ventura Publisher (Ventura Software), and Project Workbench (Applied Business Technologies).

Complementary products provided by Index Technology include the following:

- PC Prism<sup>R</sup> can be used alone or with Excelerator/IS to create systems and high-level data models for evaluating system requirements prior to design.
  - Data stored in PC Prism may be automatically transferred to Excelerator to start the software and systems design with the appropriate corporate data and process information.
  - The first copy of PC Prism, which allows the user organization to define the structure of the PC Prism data base, is available for \$8,000. Subsequent copies are available for \$4,250. There are currently 300 PC Prism installations.
- XL/Design Integrator™ (XL/DI) integrates on DEC VAX and MicroVAX III minicomputers the work of individual Excelerator users from multiple workstations. XL/DI ranges in

price from \$10,000 to \$40,000, based on the maximum number of simultaneous users.

- PSAM (formerly VDAM) is a microcomputer-to-mainframe link that allows Excelsior users to store and share data on IBM mainframes operating under MVS. PSAM is owned by Phaser Systems, Inc. and is distributed by Index Technology on a non-exclusive basis. PSAM ranges from \$9,000 to \$50,000, depending on the maximum number of simultaneous users.

Index Technology's products are covered by a 90-day warranty which includes telephone hotline access, field support, and periodic product updates. Index Technology provides maintenance and support of Excelsior for an annual fee which is currently 12% of the license fee. Volume license and maintenance programs are available.

Customer support services provided by Index Technology include the following:

- Index Technology offers a variety of training courses for its products as well as for implementing structured analysis and design techniques. During 1987, more than 1,700 individuals participated in courses offered by the company.
- The company also provides planning, implementation, customization, and specialized training services to its customers on a fixed-fee basis.

## Industry Markets

Index Technology's target markets include industries with heavy information handling needs, such as insurance, communications, transportation, and financial services firms, as well as organizations with large staffs of systems analysts, such as high technology manufacturers, consulting firms, and contract programming firms.

Index Technology currently has approximately 1,200 customers, including more than 200 of the Fortune 1000 companies, five of the ten largest computer hardware manufacturers in the U.S., and four of the Big Eight accounting firms.

Major clients include AT&T, Shell Oil, IBM, Hewlett Packard, and J.C. Penney.

**Geographic Markets**

Approximately 74% of Index Technology's 1987 revenue was derived from the U.S. The remaining 26% was derived from foreign sources, including the U.K., Canada, and Europe.

A three-year summary of geographic source of revenue follows:

**INDEX TECHNOLOGY CORPORATION  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE SUMMARY  
(\$ thousands)**

ITEM	FISCAL YEAR					
	1987		1986		1985	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
U.S.	\$16,347	74%	\$11,860	78%	\$8,574	86%
International	5,616	26%	3,282	22%	1,446	14%
<b>TOTAL</b>	<b>\$21,963</b>	<b>100%</b>	<b>\$15,142</b>	<b>100%</b>	<b>\$10,020</b>	<b>100%</b>

Index Technology sales offices are located in Georgia, New Jersey, Virginia, Massachusetts, Illinois, Michigan, Missouri, Texas, California, and Connecticut.

The company's European headquarters is located in Herfordshire, England. Index Technology also has international offices in Canada and Australia and its products are available through a network of distributors in more than 25 countries.

**Computer Hardware**

Index Technology has the following computers installed at its headquarters in Cambridge:

- 2 DEC MicroVAXs.
- 10 DEC VAXstations.
- 30 Apollo workstations.
- 8 Sun workstations.
- Over 230 IBM microcomputers.

## COMPANY PROFILE

### INDEX TECHNOLOGY CORPORATION

One Main Street  
Cambridge, MA 02142  
(617) 494-8200

Richard A. Carpenter, President and CEO  
Private Corporation  
Total Employees: 187  
Total Revenue, Fiscal Year End  
12/31/87: \$21,500,000

### The Company

Index Technology Corporation, founded in 1983, develops and markets computer-aided software engineering (CASE) tools for systems analysts and designers in various industries. Index also offers software maintenance and implementation support services to its clients.

Revenue for 1987 was \$21.5 million, a 43% increase over \$15 million for 1986. A four-year revenue summary follows:

#### INDEX TECHNOLOGY CORPORATION FOUR-YEAR REVENUE SUMMARY (\$ millions)

ITEM	FISCAL YEAR			
	1987	1986	1985	1984
Revenue	\$21.5	\$15.0	\$10.0	\$1.7
• Percent increase from previous year	43%	50%	488%	N/A

Index management attributes increases in revenues during the past four years to its flexible solutions to systems development problems.

As of December 31, 1987, Index employed 187 persons. Currently, there are 207 employees.

Major competitors include Nastec, KnowledgeWare, Texas Instruments, and Cadre Technology.

**Key Products and Services**

Index derives 100% of its revenue from IBM PC-based CASE software products and related services. Index software products include the following:

- **Excelerator<sup>R</sup>** offers tools to support the systems analysis and design process.
  - Excelerator features include mouse-driven graphics, screen and report design, graph and dictionary analysis tools, document production, data sharing, a link to word processing, and a central dictionary that integrates the program's functions and provides cross-referencing and cross-checking analysis capabilities.
  - Links to several development tools and environments are available, including Pansophic's Telon, Micro Focus' VS COBOL Workbench, Cognos' Power House, and Sage Software's APS Development Center.
  - The product runs on IBM PS/2, PC/AT, PC/XT, and compatibles, and on the DEC VAXstations, and Sun and Apollo workstations.
  - Excelerator is priced at \$8,400.
  - There are approximately 8,000 packages installed worldwide.
- **Excelerator/RTS<sup>TM</sup>** is an integrated analysis and design tool developed specifically to meet the requirements of engineers designing real-time and embedded systems.
  - The product runs on IBM PS/2, PC/XT, PC/AT, DEC VAXstations, Sun and Apollo workstations, and compatibles.
  - The product is available for \$8,400.
  - Currently, there are 2,000 products installed.
- **Customizer<sup>TM</sup>** allows users to create custom systems development environments around Excelerator and Excelerator/RTS, and to tailor the products' graphics and dictionary to the organization's techniques and methodology.
  - Customizer runs on IBM PC/XT, PC/AT and compatibles.
  - The product is priced at \$12,500.
  - There are 150 Customizer installations.



- XL/Programmer Interface™ is a utility that directly accesses Excelerator's data dictionary and graphics file for communicating with mainframe data dictionaries, application generators, fourth generation languages, and custom analysis routines.
  - The product is priced at \$395.
- XL/Design Integrator™ (XL/DI) integrates on DEC VAX and Micro-VAX II minicomputers the work of individual Excelerator users working on multiple workstations.
  - XL/DI is priced between \$10,000 and \$32,500 depending on the number of simultaneous users.
- VDAM™ is a micro-to-mainframe software link that allows Excelerator users to store and share data on IBM mainframes running MVS, accessing data as if stored on a personal computer.
  - The Price of VDAM ranges from \$9,000 to \$50,000 depending on the number of users.
- PC PRISM™ is a PC-based software product for strategic systems planning.
  - PC PRISM was developed by Deltacom, Inc. in 1984.
  - The product is available for \$5,000 and there are 200 PC PRISM installations.

### Industry Markets

Index's target markets are industries with heavy information handling needs such as insurance, communications, transportation and financial services, as well as organizations with large staffs of systems analysts such as high technology manufacturers, consulting firms, and contract programming firms.

- Index currently has approximately 1100 customers.
- The company's major clients include AT&T, Shell Oil, IBM, Hewlett Packard, and JC Penny.

### Geographic Markets

Approximately 79% of Index's 1987 revenue was generated from the U.S. The remaining 21% was derived from the foreign sources, including the U.K., Canada, and Europe.

Index sales offices are located in Georgia, New Jersey, Virginia, Illinois, Michigan, Missouri, Texas, and California.

- The company's international headquarters is located in Herfordshire, England. Index also has international offices in Canada and Australia.

**Computer  
Hardware**

Index has the following computers installed at its headquarters in Cambridge (MA):

- 1 DEC VAXstation.
- 1 Apollo workstation.
- A number of IBM Personal Computers.

## COMPANY HIGHLIGHT

### INDUSTRY DATA SERVICES, INC.

3960 Freedom Circle  
Santa Clara, CA 95054  
(408) 988-8311

Richard B. Wilke, President  
Private Corporation  
Total Employees: 65  
Total Revenue, Fiscal Year End  
12/31/82: \$8,000,000  
Computer Services Revenue:  
\$7,200,000\*

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### THE COMPANY

- Industry Data Services, Inc. (IDS), founded in 1969, provides turnkey systems and remote computing services primarily to discrete and process manufacturing clients. The company also derives hardware revenue from the sale of Prime and ADDS computer systems.
  - Originally formed in Honolulu to provide processing services, IDS began marketing turnkey systems for the construction, medical, and legal industries in 1978. In November 1979 the company entered into a third-party marketing agreement with Mandala Information Systems, developers of the MADIC (Manufacturing, Accounting, Distribution, Information, and Control) software package used in IDS's turnkey system for manufacturers.
  - In mid-1982 the IDS Hawaiian operations were acquired by former IDS employees and now operate as Novva Computer Systems. With 50 employees, Novva provides processing services and turnkey systems for the construction, medical, and legal industries.
  - In January 1983 IDS received \$2 million in financing from three venture capital firms: Capital Management Services; Associated Venture Investors; and Merrill, Pickard, Anderson, and Eyre. The three firms jointly purchased 45% of IDS's stock. The company also announced the acquisition of Mandala Information Systems.
    - Mandala Information Systems, headquartered in San Francisco, has been merged into IDS. The company had six employees when it was acquired.
- IDS's total revenue for 1982, prior to the divestiture and acquisition, was approximately \$8 million. Management estimates 1983 revenue will reach \$14 million.

\*INPUT estimate

## INDUSTRY DATA SERVICES, INC.

- As of December 31, 1982, the company had 65 employees. There are currently 85 employees, segmented as follows:

Sales	17
Marketing communications	7
Research and development	7
Customer support	26
Computer operations	9
General and administrative	<u>19</u>
	85

- Major competitors for manufacturing turnkey systems include ASK Computer Systems, NCA Corporation, and Comserv Corporation. Other competition comes from Anacom, Inc. and IBM.

### KEY PRODUCTS AND SERVICES

- An estimated 65% of total 1982 revenue was derived from turnkey systems sales, primarily from MADIC (Manufacturing, Accounting, Distribution, Information, and Control) systems for manufacturing/distribution clients. Turnkey revenue was also derived from systems for the construction, medical, and legal industries. Twenty-five percent of 1982 revenue was from remote computing and batch processing, and an estimated 10% was from hardware sales.

- IDS estimates its total 1983 revenue will be derived as follows:

MADIC turnkey systems	86%
MADIC remote computing	6
ADDS and Prime hardware sales	<u>8</u>
	100%

- The MADIC manufacturing system, available from IDS as either a turnkey system or a remote computing service, is designed for manufacturing companies in discrete assembly, process, repetitive, or job shop operations and for distribution companies. MADIC will also support Federal Drug Administration lot control and government reporting functions. The system provides data base management, reporting, and accounting controls and includes the following on-line integrated modules:

- Corporate Planning/Financial Forecasting.
- Inventory Control.
- Bill of Materials.
- Purchasing.
- Configuration Control.
- Work-in-Process.
- Quality Assurance.
- Marketing/Order Entry.
- Accounts Payable.

## INDUSTRY DATA SERVICES, INC.

- Accounts Receivable.
  - Field Service.
  - Material Requirements Planning/Master Scheduling.
  - Capacity Planning.
  - Cost Accounting/Fixed Assets.
  - Project Control.
  - Plant Maintenance.
  - General Ledger.
  - Payroll.
  - Personnel.
- MADIC turnkey systems are available on Prime INFORMATION, ADDS Mentor, Microdata REALITY, Honeywell Level 6, and IBM Series/I equipment running under versions of the Pick Operating System.
    - There are currently 50 MADIC turnkey systems installed. Pricing ranges from \$200,000 to \$600,000.
  - IDS provides MADIC as an interactive remote computing service to approximately 20 clients.
    - The service currently generates \$60,000 per month in revenue.
    - Users are typically new clients testing MADIC software capabilities prior to purchasing a turnkey system.

### INDUSTRY MARKETS

- IDS's 1982 revenue was derived from clients in the construction, medical, legal, manufacturing, and distribution industries.
- The company estimates that 75% of 1983 revenue will be derived from discrete manufacturing, 20% from process manufacturing, and 5% from distribution industry clients.
- Clients range in size from small start-up companies to Fortune 100 firms.

### GEOGRAPHIC MARKETS

- Virtually all of 1982 revenue was derived from the U.S. IDS has one MADIC installation in Canada.
- Branch offices are located in Anaheim and Woodland Hills (CA) and Boston. Plans include opening an additional office in Chicago or Dallas in early 1984.
- IDS also markets MADIC through distributors and representatives in Alabama, Florida, Georgia, Oregon, Tennessee, Texas, Washington, and Canada.

## COMPUTER HARDWARE AND SOFTWARE

- IDS has the following equipment installed at its Santa Clara headquarters:
  - 2 Prime I750s, INFORMATION.
  - 1 Prime I450, INFORMATION.
  - 1 ADDS Mentor, ULTIMATE.
  - 1 Microdata REALITY.
- Each of the Anaheim, Woodland Hills, and Boston offices maintains one Prime I450, operating under INFORMATION.
- Clients can access IDS's network via dial-up and leased lines.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

August 1995

## I-NET, Inc.

CEO: Kavelle Bajaj  
 President: Ken Bajaj  
 6700 Rockledge Drive  
 Bethesda, MD 20817  
 Phone: (301) 214-0900  
 Fax: (301) 214-0001

Status: Private  
 Employees: +3,000  
 Revenue: \$235,000,000  
 Fiscal Year End: 12/31/94

### Key Points

- I-NET specializes in network computing and communications services, with a specific focus on supporting enterprise-wide networks and desktop environments.
- The company has experienced a compound annual growth rate in excess of 50% for the last five years.
- In April 1995, I-NET, The Genix Group and CAP GEMINI AMERICA were awarded a five-year, \$100 million transformational and

outsourcing contract with Ralcorp Holdings, a St. Louis-based food manufacturer.

### Company Description

I-NET provides systems integration and systems operations services to federal government and commercial clients.

### Organization and Structure

I-NET is headquartered in Bethesda (MD) and has offices in 30 states and overseas.

Offices are in Alabama, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Mexico, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah,

Virginia, Washington, Wisconsin, Austria, Colombia, Puerto Rico and England.

Through I-NET's ten-year history of providing solutions, the company has developed seven main Technology Centers—specific groups focused on a core technology with specific tools, techniques, experience and expertise. These centers include:

- Enterprise Consulting
- Network Integration/Desktop Services
- Network Operations/Management
- Network Computing
- Document Management
- Software Applications
- Object Technologies

I-NET also has Vertical Market Business Centers, headed by business leaders who understand the issues related to technology for their market and work with industry to determine specific customer needs.

### Company Strategy

I-NET's mission statement is "to be the premier provider of networking and client/server systems and services which will deliver a maximum return on investment and sustainable strategic advantage for its clients."

I-NET's approach to outsourcing is based on the following principles:

- Partnership—sharing in rewards and risks
- Single point of accountability
- Service oriented, service level agreements

- Understanding the importance of human resources
- Vendor independence—"Best of Breed"
- Ongoing cost reductions and savings
- Technology refreshment and infusion
- Flexibility

As a network integrator, I-NET has experience in designing, implementing and operating end-to-end computer and telecommunications services and applications for its clients.

- The company's solutions include performance and cost incentives that provide for a sharing of rewards and risks with its business clients/partners.
- I-NET has experience as both a prime contractor and subcontractor. As part of its "Best of Breed" contracting approach, I-NET first looks at the needs of the business partner/client and then develops a team and a solution that best fits the needs of the customer.

All I-NET outsourcing efforts include:

- Frequent, sustained interaction with clients
- Proper tools and industry experts to perform rapid analysis, reduce duplication of effort, improve quality, ensure timely delivery of service and reduce costs
- Adaptive standards, procedures and methodologies to ensure continuous improvement to meet future business requirements
- Sound project management, emphasizing communications, service level standards and schedule, quality and cost control



- Solutions that leverage vendors, provide economies of scale and take advantage of shared services then appropriate.

The company's business philosophy includes the following points:

- Client benefit is the measure of success
- Conduct business with the highest ethical standards
- Maintain an entrepreneurial environment

- Reward performance
- Encourage independence, creativity and responsibility
- Be prepared to respond quickly and correctly

### Financials

I-NET's 1994 revenue reached approximately \$235 million, up from an estimated \$148 million in 1993.

A three-year revenue summary follows:

### I-NET, Inc. Three-Year Revenue Summary (\$ Millions)

Item	Fiscal Year		
	1994	1993	1992
Revenue	\$235	\$148	\$96
• Percent change from previous year	60%	55%	N/A

It is anticipated that 1995 revenue will reach \$350 million.

I-NET has a backlog of contracts worth \$1 billion to be filled over the next 10 years.

#### *Revenue Analysis by Product/Service*

An estimated 55% of I-NET's revenue is derived from network integration services and 45% from network and data center outsourcing services.

#### **Market Financials**

Currently, approximately 60% of I-NET's revenue is derived from the federal government and 40% from commercial clients primarily in energy, health care, manufacturing, finance and media and entertainment.

- Prior to 1993, virtually 100% of I-NET's revenue was derived from government clients.
- The company is targeting 50% commercial revenues by 1998.

#### **Geographic Markets**

An estimated 95% of I-NET's 1994 revenue was derived from the U.S. and 5% from international sources, including Europe, Asia and South America.

#### **Employees**

I-NET currently has more than 3,000 employees worldwide.

## Key Products and Services

I-NET offers five categories of service as follows:

- Networking and Infrastructure—LAN, WAN and Telecommunications
- Desktop Services (Desktop Management Systems)
- Data Center and Operations Support
- Software Development and Consulting Services
- Paperless Office and Workflow Automation

### *Networking and Infrastructure—LAN, WAN and Telecommunications*

I-NET has expertise and experience in designing and implementing local and wide-area networks and telecommunications services in the following technology areas:

- Wireless services (radio, HF/VHF/UHF, microwave, satellite, cellular, PCS)
- Voice services (PBX, carrier, CPE, Centrex services)
- WAN data services (frame relay, private line, ATM, packet, SONET)
- LAN data services (equipment, software, cable/wiring)
- Network management services (fault, configuration, accounting, performance, security/FCAPS)
- Security services (risk, planning, penetration analysis, disaster recovery, fraud)

- Video services (teleconferencing, TV studios)

In conjunction with the above listed areas, I-NET can provide its customers with planning, engineering and network optimization, acquisition, implementation and testing, training, operations and maintenance and management.

### *Desktop Services*

I-NET provides help desk and desktop management services at the client site or at a centralized I-NET site. The company has global support capabilities and expertise with service level agreements.

Desktop services include acquisition, installation, asset management, help desk, training, system management, monitoring and maintenance.

### *Data Center and Operations Support*

Services provided by I-NET in this area include operations and maintenance, problem management, user support services and database administration.

I-NET capabilities include data center evaluation, planning, integrating data centers with network control centers and infusing new technologies to reduce costs.

### *Software Development and Consulting Services*

I-NET provides full life cycle systems and software engineering and management support services to integrate information technologies within user environments.

Services provided by I-NET include downsizing/rightsizing, software development, database design/implementation, software conversion/migration, client/server computing, business process reengineering,

CASE/I-CASE, information engineering, consulting and data warehousing.

#### *Paperless Office and Workflow Automation*

I-NET uses data integration, file formatting, optical imagery and application software development in support of documentation management.

Capabilities in this area include workflow analysis and modeling, paper/fiche high-speed scanning and optical storage and retrieval.

I-NET has implemented image conversion systems for color photographs, remote sensing, aerial photographs and E-size drawings.

#### **Contracts**

In April 1995, I-NET, The Genix Group and CAP GEMINI AMERICA were awarded a five-year, \$100 million transformational and outsourcing contract with Ralcorp Holdings, a St. Louis-based food manufacturer, to provide strategic systems planning, system transformation and data center and desktop management services. I-NET will be responsible for Ralcorp's LAN, WAN and desktop support, including user training, help desk operations and technology refresh programs.

In early 1995, I-NET, Andersen Consulting and Power Computing signed a \$500 million contract to provide outsourcing services to Halliburton Energy Services (Houston, TX). I-NET is responsible for desktop and LAN services under the contract.

#### *Other Contracts*

I-NET is providing network operations for British Petroleum Exploration in support of voice, video, data and information systems.

For Enron, I-NET has provided various network modeling design and communications analysis, design and operations support services.

For Bell Atlantic, I-NET is designing, developing and implementing a records management system for employment applications.

For Naval Sea Systems, Fleet Logistics Center, I-NET moved Oracle and e-mail applications from an IBM mainframe platform to LAN-based UNIX processors.

In September 1994, I-NET was awarded a \$42 million contract to provide information and communications support for NASA's Ames Research Center.

In late 1993, I-NET, Federal Computer Corp. (Bethesda, MD) and International Data Products (Gaithersburg, MD) formed a limited partnership—Justice Technology Partners—to provide the FBI with 20,000 networked 486SX PCS over a three-year period, along with eight years of LAN maintenance.

In late 1993, I-NET was awarded a one-year, \$10 million contract to provide office automation and communications hardware and software for start-up correctional facilities for the Bureau of Prisons.

In 1993, I-NET was awarded a two-year, \$11 million Registry Service Conversion Contract with the FAA to digitize pilot records from paper and microfilm at the FAA's Oklahoma City Computer Center.

In 1993, I-NET was awarded two, five-year contracts valued at approximately \$35 million with the U.S. Post Office. The contracts allow Post Office field offices to purchase standard equipment and are expected to lead to improved network compatibility.

- A \$20 million LAN equipment contract involves multimedia networking hubs and interface boards. The LAN products are being provided by SynOptics Communications.
- A \$15 million WAN contract involves network management systems, as well as bridging and routing equipment. The WAN equipment is being provided by Wellfleet Communications.

### **Clients**

Government clients include the U.S. Senate, Defense Information Systems Agency, FAA, FBI, NASA, the U.S. Air Force, U.S. Army, U.S. Navy, U.S. Postal Service, the EPA and Kennedy Space Center.

Commercial clients include Bell Atlantic, British Petroleum Ltd., Enron Oil, Halliburton Energy Services, LSI Logic Corp., Ralcorp and Shell Oil.

### **Marketing and Sales**

I-NET markets its services through a direct sales force and through alliances with a range of vendors.

### **Alliances**

As a total solutions provider, I-NET remains vendor independent in order to provide unbiased recommendations for hardware/software solutions that best meet the needs of its clients.

I-NET has worked with a wide range of vendors in order to meet the needs of its clients.

- I-NET has a teaming agreement with Instant Video Technologies, Inc. for the design and implementation of multimedia networks for the cable television industry.
- I-NET has worked with Kodak in the area of imaging.
- I-NET has worked with AT&T, MCI, Sprint and others in areas related to telecommunications.
- I-NET is a member of Gensym's Solution Partner program.
- I-NET has a marketing alliance with UB Networks related to UB's networking products.
- I-NET has a marketing agreement with Isicad to use, sell and support Isicad's Command network management software.

### **Competitors**

Competitors include EDS, Andersen Consulting, Digital, Advantis, Computer Sciences Corporation and Price Waterhouse, among others.

### **INPUT Assessment**

I-NET's strengths include its network services expertise and skills, which have been enhanced through the many complex projects it has performed for the federal government, as well as approach to teaming with a range of vendors.

Challenges for I-NET include managing the company's rapid growth and continuing to attract commercial customers to its client base.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

July 1997

## Inference Corporation

100 Rowland Way  
Novato, CA 94945

Phone: (415) 893-7200  
Fax: (415) 899-9080  
Internet: <http://www.inference.com>

258 Bath Road  
Slough, Berkshire  
SL1, 4DX, United Kingdom  
Phone: +44 (0) 1753 77 1100  
Fax: +44 (0) 1753 77 1101

Chairman, President, & CEO:	Peter R. Tierney
Status:	Public
Employees:	223 (1/31/97)
Revenue:	\$35,990,000
Fiscal Year End:	1/31/97

### Key Points

- Inference Corporation is a provider of knowledge management tools and content that help people in business solve problems for other people.
- In June 1997, Inference and DriveSavers announced an upgraded version of Case Solutions for PC Diagnostics, a collection of trouble-shooting and how-to scenarios for problem resolution that mitigates the training curve for new software and reduces the total cost of ownership. The upgraded version includes DriveSavers' technology to

allow help desk and customer support professionals to recover lost or damaged data.

- In May 1997, Inference announced Case Solutions for Office 95, a collection of trouble-shooting and how-to scenarios. This product allows help desk and customer support personnel to answer technical and how-to questions about Office 95. Case Solutions for Office 95 can also be used on an intranet to allow employees to help themselves 24 hours a day, seven days a week.
- In February 1997, Inference announced that Versatility, Inc., a provider of open client/server-based call center applications, would incorporate Inference's case-based reasoning (CBR) technology into its customer interaction software.

## Company Description

Inference Corporation, founded in 1979, is a provider of knowledge management tools and content that help people in business solve problems for other people. Inference's case-based reasoning products are used at telesales and telemarketing offices, to support call centers, on help desks for technology, human resources, and policies, for self-help sites over the Internet, and for automated resolution on the desktop.

## Organization and Structure

Inference's corporate headquarters are located in Novato (CA), with field offices in Atlanta (GA), Bellevue (WA), Dallas and Houston (TX), Iselin (NJ), Pleasanton (CA), and Schaumburg (IL).

Subsidiaries are located in the U.K., Germany, France, and the Netherlands. These offices offer licenses and consulting services and are responsible for the company's activities throughout Europe, the Middle East, and Africa (EMEA).

Company key executives are listed below:

### Inference Corporation Key Executives

Name	Title
Peter R. Tierney	Chairman, President, & CEO
William D. Griffin	CFO and Senior VP, Finance and Administration
Philip Padfield	VP, Europe, Middle East, and Africa, Sales and Marketing
Glen Vondrick	Senior VP, Americas and Far East Operations
John Binns	Senior VP, Product Development

## Company Strategy

The company's mission is to be the leading provider of knowledge management tools and content that help people in business solve problems for other people.

The following are the key elements of the company's strategy:

- Focus on problem identification and resolution
- Provide multiple platform support
- Provide third-party integration
- Broaden indirect channels of distribution
- Build on established international presence
- Leverage product sales by providing professional consulting services

## Financials

Inference's revenue for fiscal 1997 reached \$36.0 million, a 22% increase over fiscal 1996 revenue of \$29.4 million. Net income decreased 37% from \$3.8 million in fiscal 1996 to \$2.4 million in fiscal 1997. A five-year financial summary is shown in Exhibit 1.

Inference's fiscal 1997 product development expenditures were \$3.5 million (10% of total revenue) compared to \$2.0 million (7% of revenue) and \$2.8 million (10% of revenue) in fiscal years 1996 and 1995, respectively.

## Interim Results

Revenue for the three months ending April 30, 1997 reached \$7.1 million, a 22% decrease from revenue of \$9.1 million during the same period in 1996.

- International revenue for the quarter fell 21%, from \$3.3 million in 1996 to \$2.6 million for the same period in 1997.
- Product revenue for the quarter ending April 30, 1997, decreased 36% from \$5.0 million in 1996 to \$3.2 million in 1997.
- Service revenue dropped 7% from \$4.1 million during the first quarter of 1996 to \$3.9 million during the same quarter in 1997.



Exhibit 1

**Inference Corporation**  
**Five-Year Worldwide Financial Summary**  
(\$ Millions except per-share data)

Item	Fiscal Year				
	1/97	1/96	1/95	1/94	1/93
Revenue	\$36.0	\$29.4	\$28.5	\$27.3	\$21.6
• Percent change from previous year	22%	3%	4%	26%	N/A
Income (loss) before taxes	\$1.6	\$3.5	\$0.2	\$(1.2)	\$1.7
• Percent change from previous year	(54)%	*	116%	(171)%	N/A
Net income (loss)	\$2.4	\$3.8	\$0.2	\$(1.3)	\$1.4
• Percent change from previous year	(37)%	*	115%	(193)%	N/A
Earnings per share	\$0.28	\$0.51	\$0.04	\$0.26	\$0.32
• Percent change from previous year	(45)%	*	(85)%	(19)%	N/A

Source: Inference Corporation

\* Percent change exceeds 1,000%.

**Revenue Analysis by Product/Service**

Approximately 57% of Inference's fiscal 1997 revenue was derived from products and the remaining 43% was derived from services.

- Product revenue grew 21% in fiscal 1997 and 40% in fiscal 1996.
- Tools product revenue consisted of the company's application development tools:

ART, ART-IM, and ART\*Enterprise. Due to the spin-off of the Tools business in May 1995, the company had no Tools revenue in fiscal 1997.

- Services revenue increased 25% in fiscal 1997 and fell 24% during fiscal 1996.

A three-year source of revenue summary is shown in Exhibit 2.

**Inference Corporation**  
**Three-Year Source of Revenue Summary**  
(\$ Millions)

Products/Services	Fiscal Year					
	1997		1996		1995	
	Revenue \$	Percent of total	Revenue \$	Percent of total	Revenue \$	Percent of total
CBR products	\$20.4	57%	\$16.5	56%	\$9.8	34%
Tools products	---	---	0.4	1%	2.2	8%
Services (a)	15.6	43%	12.5	43%	16.5	58%
Total	\$36.0	100%	\$29.4	100%	\$28.5	100%

*Source: Inference Corporation*

(a) Services revenue includes consulting services and support.

### Market Financials

Inference's primary focus is on the customer support market, including external customer support and internal help desks. The company's emphasis is on content management and retrieval for the problem identification and resolution segment.

### Geographic Markets

Approximately 59% of Inference's fiscal 1997 revenue was derived from North America and the remaining 41% from Europe.

- In fiscal 1997 North American product revenue increased 19% to \$12.0 million,

from \$10.1 million in fiscal 1996. North American services revenue increased 63% to \$9.3 million in fiscal 1997, from \$5.7 million the previous year.

- International product revenue increased 23% to \$8.3 million in fiscal 1997, from \$6.8 million in fiscal 1996. International services revenue fell 8% to \$6.2 million in fiscal 1997, from \$6.8 million the prior year.

A three-year geographic source of revenue summary is shown in Exhibit 3.



## Exhibit 3

**Inference Corporation**  
**Three-Year Geographic Source of Revenue Summary**  
(\$ Millions)

Geographic Market	Fiscal Year					
	1997		1996		1995	
	Revenue \$	Percent of total	Revenue \$	Percent of total	Revenue \$	Percent of total
N. America	\$21.4	59%	\$15.8	54%	\$19.1	67%
International	14.6	41%	13.6	46%	9.4	33%
Total	\$36.0	100%	\$29.4	100%	\$28.5	100%

Source: Inference Corporation

**Employees**

As of January 1997, Inference had 223 employees, with 115 in North America and 108 based in non-U.S. countries. The employees were segmented as follows:

Marketing and sales .....	76
Customer support .....	15
Consulting services .....	63
Product development .....	38
Administration and finance .....	31
	223

The company currently has 216 employees.

**Key Products and Services****Products***CBR Content Navigator (CBR CN)*

CBR CN, Inference's principal product, is a suite of client/server and Internet applications that provide access to case bases that reference structured and unstructured corporate knowledge.

CBR CN supports Microsoft Windows 95, Windows NT, and other operating systems. It is also designed to support various database management systems.

The CBR family of products includes the following products:

*CBR Express Acquisition Products*

- *CBR Express Professional Author* is a knowledge creation and maintenance application designed to capture and update cases quickly.
- *CBR Express Generator* is an application that allows users to create a case base representation that summarizes a set of documents, allowing access to information in Microsoft Word, tech notes, Lotus notes, or HTML pages, among other formats.
- *CBR Express Reports* is an integrated set of tools used to manage, test, and report on the consistency and validity of the content in a case base.

In the future, Inference plans to release the CBR Content Navigator product family that will include development kits for embedding and customizing CBR Content Navigator's search, acquisition, and management technologies.

### *CasePoint Search and Retrieval Products*

The CasePoint viewer is the primary end-user search interface for CBR information bases. CasePoint is offered in the following services:

- *CasePoint Standard* is a search and retrieval application, available as a 16- or 32-bit product. It can be deployed in a standalone, file-server, or client/server environment. CasePoint Standard provides dialogue-based interface that requests further input until the solution is located.
- *CasePoint Professional* is a 32-bit search and retrieval application for corporate knowledge and offers the dialogue base of the CasePoint Standard and a new visual folder-based view of content.
- *CasePoint Verity Search* is an option to CasePoint Professional that integrates and provides access to documents using Verity TOPIC.
- *CasePoint WebServer* is an interactive World Wide Web application that allows customers direct access to troubleshooting information and product information without having to wait to contact a service agent.
- *The Knowledge Publishing Division* publishes a selection of ready-to-use content for technical support. It was formed to provide off-the-shelf content to users and help desks. Products include a set of CBR-optimized prepackaged knowledge based on content developed by third-party sources.

In March 1997, Inference announced CasePoint® WebServer Version 2.1, which introduces Inference Find™, a knowledge search tool for intranets, extranets, and the Internet.

Inference Find provides Web-based access and management of information through intelligent meta-search. This tool adds value to standard search engines by "clustering" or organizing hits into logical groupings, eliminating the need to weed through hundreds of documents.

### **Services**

Inference has a worldwide customer services organization that provides consulting services, technical support, and training and education services.

### **Clients**

Inference has granted licenses to over 500 customers for use by more than 500,000 end users in over 31 countries. Some of the customers include 3Com Corporation, Compaq Computer Corporation, Gateway 2000, Inc., Group Bull, Hewlett-Packard Company, Intel Corporation, IBM, NCR Corporation, Autodesk, Broderbund Software, Intergraph, Lucas Arts Entertainment, PeopleSoft, Inc., Symantec, Halifax Building Society, Rabobank Nederland, Orange Personal Communications Services, Ltd., and Kemira.

### **Marketing and Sales**

Inference now markets and sells its software and services in North America through its direct sales organization, which is segmented along vertical industry lines, and a channels sales group dedicated to the OEM and VAR partners.

Inference products are available through 15 distributors in Australia, Brazil, Finland, India, Indonesia, Israel, Italy, Japan, Malaysia, Russia, Saudi Arabia, Singapore, South Africa, Spain, and Sweden.

**Alliances**

Inference maintains partnerships supporting the sales, support, and distribution of the CBR Content Navigator product line:

OEM Partners include Astea/Bendata, Cybermedia, Datawatch, DK Systems, Intel, Royal Blue, Scopus, Symantec, Versatility, and VYCOR/McAfee.

VAR Partners include Amdahl, Brightware, Cerner, MGW America, Opcom, Quintus, RTS, Utopia, and Vantive.

Marketing Partners include Baystone Software, Brock International, Computer Associates, Clarify, Onyx Software, Remedy, and RISCmanagement.

System Integrator Partners include IBM Global Services and Perot Systems.

**Competition**

Inference's major competitors include Answer Systems, Inc., Astea International, Inc., Clarify, Inc., KBI, Magic Solutions, Malloy Group, Platinum Technologies, Professional Help Desk (PHD), ServiceSoft, Software Artistry, Inc., and SystemSoft.



## COMPANY PROFILE

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**INPUT**

### THE INFO GROUP

46 Park Street  
Framingham, MA 01701  
Phone: (508) 872-8383  
Fax: (508) 872-8518

President:	John Dretler
Status:	Private Company
Total Employees:	50
Total Revenue:	\$6,000,000*
Fiscal Year End:	12/31/92

\*INPUT estimate

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### Key Points

- THE INFO GROUP, formed in 1984, develops, markets, and supports applications software for the management of voice and data communications systems.
- In May 1993, THE INFO GROUP, an IBM business partner, announced the signing of a joint development agreement with IBM to market and continue development of a bridge between IBM's Information Management System (IMS) and CallPath Services Architecture. The product will be known as CP\*Bridge and allows customers to run IMS applications to make use of CallPath capabilities in connecting them to their telephone systems.
- THE INFO GROUP specializes in the extension, enhancement, and implementation of IBM's CallPath Services Architecture.

**Company Description**

THE INFO GROUP, formed in 1984, develops, markets, and supports applications software for the management of voice and data communications systems. The company currently has over 250 clients, including major corporations, financial institutions, universities, hospitals, and government agencies.

**Operations/Structure**

In addition to its headquarters in Framingham, (MA), the company has offices in Atlanta (GA), Cos Cob (CT), Chicago (IL), and Houston (TX).

The INFO GROUP professional services team operates out of the headquarters office.

**Strategy**

The data and voice integration market has been receiving significant attention from the telephone companies, THE INFO GROUP could be positioned to take advantage of the increase in customer interest.

To develop their market position, THE INFO GROUP has added alliances with ATP and IBM.

**Financials**

INPUT estimates THE INFO GROUP's 1992 revenue reached \$6 million, a 20% increase over 1991 revenue of approximately \$5 million. The company has operated profitably since its inception in 1984.

**Alliances**

In February 1990, THE INFO GROUP was one of eight vendors selected as a ROLM Business Partner. ROLM will market THE INFO GROUP's telemanagement software products to its customers.

- In December 1990, ROLM also contracted with THE INFO GROUP to use one of its software products internally to automate the installation of new 9751 PBXs.

**Key Products and Services**

Approximately 90% of THE INFO GROUP's 1992 revenue was derived from its applications software products and 10% from associated support services.

THE INFO GROUP's ATMS Network Management System is a modular system that is customized to the specific requirements of each customer. ATMS components include the following:

- Call Accounting
- Inventory Management
- Cable Management
- Directory Management
- General Accounting/Bill Reconciliation
- Shared Tenant
- Remote Polling
- Trunk/Switch Monitoring
- Switch Administration

The software is available for IBM PCs and mainframes, and DEC VAX and MicroVAX systems.

ComCop Plus is a telemanagement system designed specifically to communicate with ROLM CBXs. ComCop Plus operates on IBM and compatible PC/ATs, PS/2s, and Novell LANs.

THE INFO GROUP also specializes in products and services directed toward customers who want to leverage computer telephone integration and whose applications operate on mainframe computers.

THE INFO GROUP product line CallPath Advanced Call Center modules are:

CP\*Bridge is a link between CallPath running under CICS and applications running under IMS. CP\*Bridge is designed to offer a seamless path between these environments.

Host\*Link Reporter (H\*LR) is an Executive Information system for CallPath enabled Call Centers. It combines business information with call center statistics.

ATMS-Integrated Telemanagement is an integrated telemanagement system providing call accounting, cost allocation, equipment inventory, work order management, and directory and cable management functions.

Finally, THE INFO GROUP also offers a range of services designed to assist companies with their implementation of CallPath. These include:

- CallPath Installation and Administration
- Application Development
- Project Management
- Administration Training

**Industry Markets**

THE INFO GROUP derives its revenue from various industries, including banking and finance, discrete and process manufacturing, education, and medical, as well as state and federal government.

A representative client list follows:

Bank of Boston, IBM, New York Life Insurance, Price Waterhouse, the U.S. Census Bureau

**Geographic Markets**

One hundred percent of THE INFO GROUP's 1992 revenue was derived from the U.S.



## COMPANY PROFILE

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### **THE INFO GROUP**

46 Park Street  
Framingham, MA 01701  
(508) 872-8383

John Dretler, President  
Private Company  
Total Employees: 50  
Total Revenue, Fiscal Year End  
12/31/90: \$5,500,000\*

\*INPUT estimate

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### **The Company**

THE INFO GROUP, formed in 1984, develops, markets, and supports applications software for the management of voice and data communications systems. The company currently has over 250 clients, including major corporations, financial institutions, universities, hospitals, and government agencies.

INPUT estimates THE INFO GROUP's 1990 revenue reached \$5.5 million, a 20% increase over 1989 revenue of approximately \$4.5 million. The company has operated profitably since its inception.

In February 1990, THE INFO GROUP was one of eight vendors selected as a ROLM Business Partner. ROLM will market THE INFO GROUP's telemanagement software products to its customers.

- In December 1990, ROLM also contracted with THE INFO GROUP to use one of its software products internally to automate the installation of new 9751 PBXs.

### **Key Products and Services**

One hundred percent of THE INFO GROUP's 1990 revenue was derived from its applications software products and associated support services.

THE INFO GROUP's ATMS Network Management System is a modular system that is customized to the specific requirements of each customer. ATMS components include the following:

- Call Accounting
- Inventory Management
- Cable Management
- Directory Management
- General Accounting/Bill Reconciliation
- Shared Tenant
- Remote Polling

- Trunk/Switch Monitoring
- Switch Administration

The software is available for IBM PCs and mainframes, and DEC VAX and MicroVAX systems.

ComCop Plus is a telemanagement system designed specifically to communicate with ROLM CBXs. ComCop Plus operates on IBM and compatible PC/ATs, PS/2s, and Novell LANs.

**Industry Markets**

THE INFO GROUP derives its revenue from various industries, including banking and finance, discrete and process manufacturing, education, and medical, as well as state and federal government.

**Geographic Markets**

One hundred percent of THE INFO GROUP's 1990 revenue was derived from the U.S.

In addition to its headquarters, the company has offices in Atlanta (GA), Cos Cob (CT), Chicago (IL), and Houston (TX).

## COMPANY PROFILE

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### THE INFO GROUP

46 Park Street  
Framingham, MA 01701  
(508) 875-7511

John Dretler, President  
Private Company  
Total Employees: 40  
Total Revenue, Fiscal Year End  
12/31/89: \$5,000,000\*

\*INPUT estimate

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### The Company

THE INFO GROUP, formed in 1984, develops, markets, and supports applications software for the management of voice and data communications systems. The company currently has over 250 clients, including major corporations, financial institutions, universities, hospitals, and government agencies.

INPUT estimates THE INFO GROUP's 1989 revenue reached \$5 million, a 35% increase over 1988 revenue of approximately \$3.7 million. The company has operated profitably since its inception.

In February 1990, THE INFO GROUP was one of eight vendors selected as a ROLM Business Partner. ROLM will market THE INFO GROUP's call accounting software products to its customers.

### Key Products and Services

One hundred percent of THE INFO GROUP's 1989 revenue was derived from its applications software products and associated support services.

THE INFO GROUP's ATMS Network Management System is a modular system that is customized to the specific requirements of each customer. ATMS components include the following:

- Call Accounting
- Inventory Management
- Cable Management
- Directory Management
- General Accounting/Bill Reconciliation
- Shared Tenant
- Remote Polling
- Trunk/Switch Monitoring

The software is available for IBM PCs and mainframes, and DEC VAX and MicroVAX systems.

ComCop Plus is a version of the ATMS network management system designed specifically to communicate with ROLM CBXs. ComCop Plus operates on IBM and compatible PC/ATs and PS/2s.

**Industry Markets**

THE INFO GROUP derives its revenue from various industries, including banking and finance, discrete and process manufacturing, education, medical, as well as state and federal government.

**Geographic Markets**

One hundred percent of THE INFO GROUP's 1989 revenue was derived from the U.S.

In addition to its headquarters, the company has offices in Atlanta (GA), Emerson (JY), and Long Island (NY).

## COMPANY PROFILE

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### **INFOCEL**

P.O. Box 18305  
4800 Six Forks Road  
Raleigh, NC 27609  
(919) 783-8000

David E. Rodger, Chairman and President  
Private Company  
Total Employees: 132  
Total Revenue, Fiscal Year End  
9/30/90: \$15,900,000

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### **The Company**

Infocel designs, develops, supports and markets integrated computer-based systems to meet the needs of local governments, schools, public safety departments, and community colleges.

- Infocel's origins go back to 1976 when its turnkey business was organized as Distributed Data Systems and later became a part of the Fulcrum Computer Group, Inc., which was acquired in October 1982 by Adage, Inc.
- The turnkey computer business operated as the Fulcrum Division of Adage until October 1983, when it was purchased by LCL Systems (a company formed to develop microcomputer-based products and to acquire Fulcrum). The combined companies became Infocel, Inc.

In March 1990, Electronic Data Systems (EDS) acquired a 30% interest in Infocel. The agreement includes an option for full acquisition of Infocel by EDS and provides for joint marketing of Infocel's software products.

Infocel's original funding of \$3.25 million came from Welsh, Carson, Anderson & Stowe; Hambrecht & Quist; and Vanguard Associates. The company then had a second financing of \$3 million, which included the original investors in addition to Citicorp Venture Capital, Kitty Hawk Capital, The Springs Company, and The Hillcrest Group.

Infocel's GeoBased Systems Division was formed during 1988 subsequent to the following acquisitions:

- In 1988, Infocel acquired GeoBased Systems, Inc. of Research Triangle Park (NC), a developer of geographic information systems. GeoBased Systems had approximately 25 employees at the time of acquisition.

- Also in 1988, Infocel acquired the mapping division of Criterion, Inc., of San Diego (CA).

Total fiscal 1990 revenue reached \$15.9 million, a 5% increase over fiscal 1989 revenue of \$15.1 million. A five-year revenue summary follows:

**INFOCEL  
FIVE-YEAR REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR				
	9/90	9/89	9/88	9/87	9/86
Revenue	\$15.9	\$15.1	\$12.0	\$10.0	\$8.3
• Percent increase (decrease) from previous year	5%	26%	20%	20%	(30%)

### Key Products and Services

Infocel markets the following turnkey products:

- Financial Management System
- Public Administration System
- Geographic Information System
- Geographic Reporting and Analysis
- Utility Billing and Collections System
- Systems Design and Productivity Aids
- SchoolPlus School Administration System
- Public Safety System

Infocel's products are available for a range of UNIX-based platforms including Prime, DEC, Hewlett-Packard, and Motorola, as well as Prime 50 Series computers.

Infocel also provides custom software development professional services for its software clients.

### Industry Markets

Infocel targets state and local governments, schools (K-12), and public safety departments.

### Geographic Markets

Infocel derives approximately 95% of its revenue from the U.S. with the remaining 5% coming from Canada.

## COMPANY PROFILE

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### **INFOCEL**

P.O. Box 18305  
4800 Six Forks Road  
Raleigh, NC 27609  
(919) 783-8000

David E. Rodger, President  
Private Company  
Total Employees: 110\*  
Total Revenue, Fiscal Year End  
9/30/88: \$12,000,000

\* INPUT estimate

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### **The Company**

Infocel designs, develops, supports and markets integrated computer-based systems to meet the needs of local governments, schools, public safety departments and community colleges.

- Infocel's origins go back to 1976 when its turnkey business was organized as Distributed Data Systems and later became a part of the Fulcrum Computer Group, Inc., which was acquired in October 1982 by Adage, Inc.
- The turnkey computer business operated as the Fulcrum Division of Adage until October 1983, when it was purchased by LCL Systems (a company formed to develop microcomputer-based products and to acquire Fulcrum). The combined companies became Infocel, Inc.

Infocel's original funding of \$3,250,000 came from Welsh, Carson, Anderson & Stowe; Hambrecht & Quist and Vanguard Associates. The company then had a second financing of \$3,000,000 which included the original investors in addition to Citicorp Venture Capital, Kitty Hawk Capital, The Springs Company, and The Hillcrest Group.

Infocel has made the following acquisitions:

- In 1988, Infocel acquired GeoBased Systems, Inc. of Research Triangle Park (NC), a developer of geographic information systems. GeoBased Systems had approximately 25 employees at the time of acquisition.
- Also in 1988, Infocel acquired the mapping division of Criterion, Inc., of San Diego (CA).
  - GeoBased Systems, Inc. and the mapping division of Criterion, Inc. were combined to form GeoBased Systems, an Infocel subsidiary.

Total fiscal 1988 revenue reached \$12 million, a 20% increase over fiscal 1987 revenue of \$10 million. A three-year revenue summary follows:

**INFOCEL  
THREE-YEAR REVENUE SUMMARY  
(\$ thousands)**

ITEM	FISCAL YEAR		
	9/88	9/87	9/86
Revenue	\$12,000	\$10,000	\$8,300
• Percent Increase (decrease) from previous year	20%	20%	(30%)

**Key Products and  
Services**

Infocel markets the following turnkey products:

- Financial Management System
- Public Administration System
- Geographic Information System
- Geographic Reporting and Analysis
- Utility Billing and Collections System
- Systems Design and Productivity Aids
- SchoolPlus School Administration System
- Public Safety System

Infocel's products use Prime and McDonnell Douglas computers.

**Industry Markets**

Infocel targets state and local governments, schools (K-12), and public safety departments.

**Geographic  
Markets**

Infocel derives approximately 95% of its revenue from the U.S. with the remaining 5% coming from Canada.



## COMPANY BRIEF

Primary Industry-Specific Market: State and Local Government

### **INFOCEL, Inc.**

5711 Six Forks Road  
Raleigh, NC 27609  
(919) 848-0001

CEO: David E. Rodger, President  
Private Company  
Founded: 1976

Employees: 50-100 (10/86)  
Revenue (FYE 12/31/85): \$11.9 million, (FYE 12/31/86): \$8.8 million\*

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**The Company:** Develops turnkey systems focused toward governments in the small to medium range, including cities, counties, school boards, public utilities, and community colleges

### **Sources of Revenue:**

- Turnkey Systems (100%)

### **Key Products:**

- Turnkey Systems (Utilizes Prime and Microdata computers)
  - Financial System
  - Property Tax System
  - Utility Billing System
  - Secondary School System
  - Community College System
  - Police Dispatch and Information System

### **Target Industries:**

- State and local government (100%)
- Clients include public schools, local governments, community colleges, and police departments

### **Geographic Markets:**

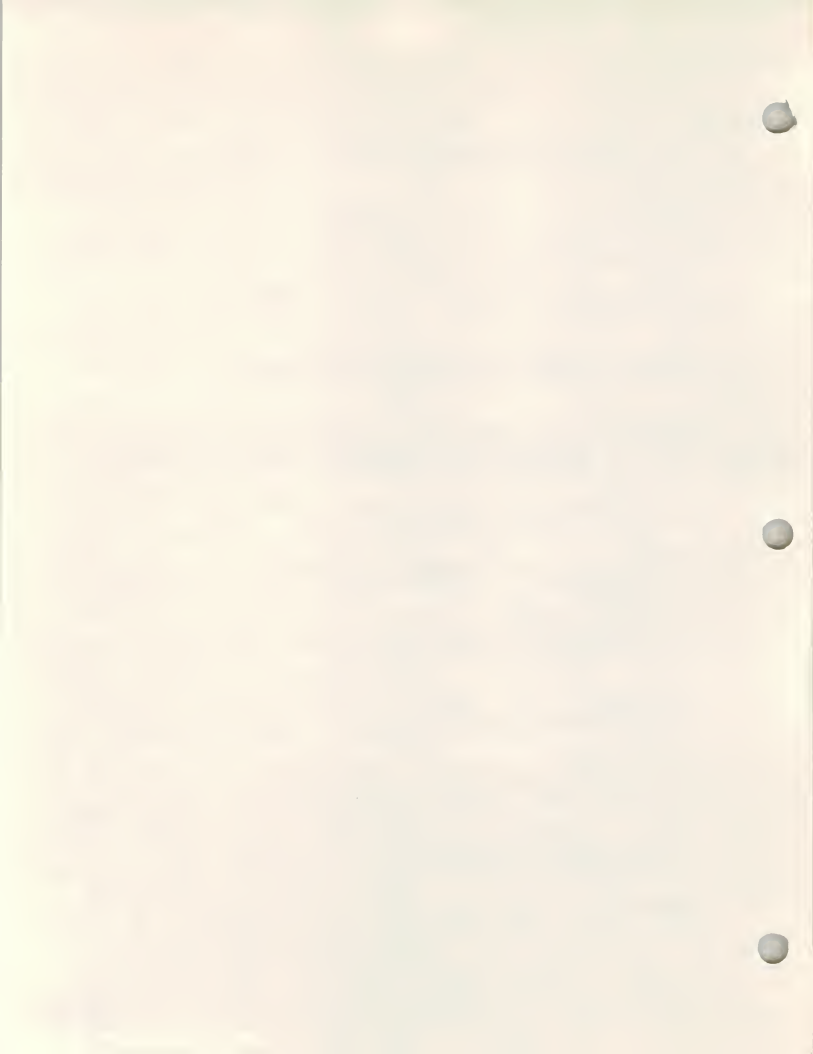
- U.S. (100%)

### **Other:**

- Authorized distributor for Prime computers
- Authorized dealer for Microdata

\*Company estimate

December 1986



## COMPANY HIGHLIGHT

### INFODATA SYSTEMS INC.

30 A State Street  
Pittsford, NY 14534  
(716) 381-7430

Ronald A. Furman, President  
Public Corporation, OTC  
Total Employees: 100  
Total Revenues, Fiscal Year End  
12/31/79: \$3.7 Million

### THE COMPANY

- Infodata Systems was formed in 1968 by Ronald Furman and a group of former Xerox engineers. The company has specialized in developing and marketing data base, information retrieval and text processing software products since its formation.
- The company has been profitable since 1973. Infodata's revenues for 1979 were \$3.7 million, up 27% over 1978. Revenues are expected to exceed previous growth rates during the 1981-1984 time period due in large measure to the introduction of IQ/net for the IBM 4300s.
- A five-year financial summary follows:

INFODATA  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ Thousands, Except Per Share Data)

ITEM \ FISCAL YEAR	1979	1978	1977	1976	1975
Revenues	\$ 3,701	\$ 2,904	\$ 2,639	\$ 2,001	\$ 1,925
Income before taxes and extraordinary item	\$ 76	\$ 18	\$ 259	\$ 8	\$ 290
Net income	\$ 76	\$ 18	\$ 249	\$ 8	\$ 290
Earnings per share	\$ 0.19	\$ 0.05	\$ 0.69	\$ 0.02	\$ 0.80

- Competition is derived from IBM's Storage and Retrieval System (STAIRS), Software ag's ADABAS and Intel System's SYSTEM 2000/80. In addition, Mathematica's RAMIS II and Information Builders' FOCUS compete with the language capabilities of INQUIRE.

## KEY PRODUCTS AND SERVICES

- All of Infodata's revenues are derived from the development, marketing, installation and maintenance of software products and related training and consulting services.
- Infodata's primary products are INQUIRE, introduced in 1969, and IQ/net, a new product offering for IBM 4300s. INQUIRE was initially designed to be a simple document retrieval tool for use by nonprogrammers. The language was expanded to include a complete spectrum of interactive capabilities, report generation, statistics, etc. Subsequently the system was enhanced to include backup, restart and recovery, accounting, security, multitasking, multiqueuing and other data control qualities found in most other data base management systems.
- INQUIRE has over 150 licensees and is available on a service basis from one of the company's eight timesharing service bureaus in the U.S., Canada and Europe. Options available are:
  - INQUIRE/BASIC: consists of all facilities for data base creation, including a loader and utility subsystem, the complete INQUIRE User Language, security, accounting and interfaces to TSO or CMS. Price of INQUIRE/BASIC is \$70,000.
  - INQUIRE/DBMS: includes all facilities of INQUIRE/BASIC and also the Data Management supervisor that provides a full multithread, multi-user, multiterminal system with a single copy of INQUIRE; the Procedural Language Interface for COBOL, PL/I, FORTRAN and Assembler application programs; the EDICT data dictionary; backup and recovery; and an interface to either CICS, INTERCOMM or TSO. INQUIRE/DBMS sells for \$120,000.
  - INQUIRE/TEXT: includes all facilities of INQUIRE/DBMS, as well as the Text Facility, which provides proximity searching and automatic indexing utilities, and AVOCON, for thesaurus creation and maintenance. Price of INQUIRE/TEXT is \$150,000.
  - INQUIRE/TEXT provides for the complete management, storage and retrieval of large volumes of business, litigation and research documents, as well as clinical or research test results. This powerful capability is achieved through: text searching and retrieval, thesaurus browsing and indexed control over single or multiple data bases. Keywords (direct paths) to the data base are automatically built from free text as the data bases are loaded.
- In order to upgrade from one INQUIRE system level to another, the following components are available:

## COMPANY HIGHLIGHT/INFODATA SYSTEMS INC.

- |   |  |           |
|---|--|-----------|
| - | Procedural Language Interface                                    | \$ 15,000 |
| - | Data Management Supervisor                                       | 31,000    |
| - | Teleprocessing Monitor Interface<br>(second and each succeeding) | 9,000     |
| - | EDICT Data Dictionary  | 6,000     |
| - | Text Facility  | 29,000    |
| - | AVOCON   | 24,000    |
- INQUIRE is operational on any IBM System 360, 370, 303X or compatible computer which runs under OS, VSI, SVS, MVS or VM/CMS operating systems. The product can be used in an interactive or batch environment. Interfaces are available for TSO, CICS and Intercomm. A host procedural language interface (PLI) is provided to enable application programs written in COBOL, FORTRAN, PL/I or Assembler language to update and retrieve information from INQUIRE data bases. The INQUIRE command language is designed for nonprogrammer end users and is a free-form, English-language system.
  - In 1979, Infodata announced IQ/net for use on IBM 4300s. IQ/net is an advanced information management system designed to enhance the distributed and networking design philosophy behind the IBM 4300 series.
    - IQ/net's key feature is its ability to link multiple data bases on multiple machines. The system was designed to provide:
      - Network and distributed data base management.
      - Development and maintenance of data bases no matter where in the network they may reside.
      - A user-friendly language for both technical and nontechnical people.
      - Full-text indexing, storage and retrieval, including proximity searching of any textual material.
      - Security and control capabilities to limit access to critical information.
    - An important element of IQ/net is the Network Location data base and control software, which allows users to work with data wherever it resides on the network.
    - IQ/net is offered in two models and costs either \$50,000 or \$60,000, depending on the features required. Other features include support for additional operating systems (\$5,000 for each addition) and the text search facility (\$12,500). IQ/net is sold on a per site basis. Volume discounts are available.
    - Infodata has installed 12 IQ/nets and anticipates a significant growth in sales in the next several years.

## COMPANY HIGHLIGHT/INFODATA SYSTEMS INC.

- New products under development are DBMS-related. Infodata believes there is a significant market opportunity in developing application systems for IBM 4300 user installations using its DBMS products.

### INDUSTRY MARKETS

- Infodata derived an estimated 33% of its 1979 revenues (\$1.2 million) from the federal government. This ratio is expected to decline to 25-30% as commercial sales increase. INQUIRE is on the GSA schedule for U.S. Government agencies. Sales to the military are a growing segment of the company's business.
- The remainder of Infodata's revenues are derived from the private sector. Targeted industries include pharmaceutical, chemical and petroleum. Representative clients are Eastman Kodak, Dow Chemical Co., the United Nations, Johns Hopkins Applied Physics Laboratory, Shell Oil and E. R. Squibb & Sons, Inc.

### GEOGRAPHIC MARKETS

- Approximately 5% of Infodata's revenues is derived from sales in Europe and Canada. Infodata intends to increase its market penetration in these countries and in South America.
  - Clients are located in the northeastern states, with concentrations in Washington (DC), New York and Chicago.
  - Sales offices are maintained in New York, Dallas, Falls Church (VA) and Los Angeles. All sales activities are directed out of Falls Church.
  - A new sales office is planned for Chicago.

### COMPUTER HARDWARE

- Infodata has arrangements with clients and service bureaus for testing and software development activities.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

July 1996

## Infonet Services Corporation

**Chairman  
& President:** José A. Collazo  
2100 East Grand Avenue  
El Segundo, CA 90245-1022  
**Phone:** (310) 335-2600  
**Fax:** (310) 335-2876

### infonet

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Status:	Privately-Owned Company
Employees:	2,000*
Revenue:	\$325,000,000*
Fiscal Year End:	12/31/95

\* INPUT estimates

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### Key Points

- Established in 1970, Infonet Services Corporation is one of the world's leading global network services companies.
- In July 1996, the company launched Integrated Media (voice, fax, and data) Services on its next generation World Network<sup>Plus</sup> backbone.
- Infonet recently announced the first available release of its SiteWise LAN

management services. These services help companies alleviate the burden and high cost of managing distributed network communications systems, LAN application servers, and desktop systems at their central site and remote offices on a 24-hour, seven-day basis.

- In May 1996, Infonet reported that users will be able to gain local access to its World Network from the XXVth Olympiad venues via remote DialXpress services. As a result, Olympic sponsors, organizers, service providers, and media covering the games will be able to access their hosts anywhere in the world by dialing a toll-free 888 number.

- In May 1996, Infonet introduced DialXpress services that support asynch, X.25, TCP/IP, and frame relay protocols and allow remote users to access its World Network through analog (V.34) or digital (ISDN) interfaces. The company also announced optional DialXpress+ services for companies with mission-critical remote access management needs. These services provide additional capabilities for managing, controlling, and protecting network environments and end-user communications.
- In April 1996, Infonet introduced NOTICE Server, a globally managed service for users of the newly released Microsoft Exchange Server. This enhances the WorkPlace Messaging Services that are part of Infonet's Global WorkPlace offering.
- In April 1996, Infonet became the first value-added global telecommunications provider to be awarded registration to the ISO 9002 Quality Standard.
- In March 1996, Infonet announced Global WorkPlace, which provides integrated services such as electronic commerce, private intranet, multimedia, workgroup, messaging, directory, and LAN management, to provide corporations with a unified tool set for conducting global business.

### **Company Description**

Infonet Services Corporation is a leading provider of international communications solutions to global enterprises. Infonet specializes in end-to-end globally managed value-added services and networks.

Infonet's offerings include:

- Global Integrated Media Services

- Worldwide Public and Virtual Private Data Network (VPDN) services
- Frame Relay services
- Global INFOLAN TCP/IP services
- Private Intranet services
- Public Internet services
- Global WorkPlace application services
- WorkPlace Messaging Services (NOTICE)
- PerspExion network management information services for the client site
- SiteWise LAN management services

The company currently services more than 20,000 user sites in more than 175 countries worldwide.

### *Shareholders*

Infonet is currently jointly owned by seven leading telecom operators in Europe and the Asia/Pacific region. Infonet's equity shares are divided among:

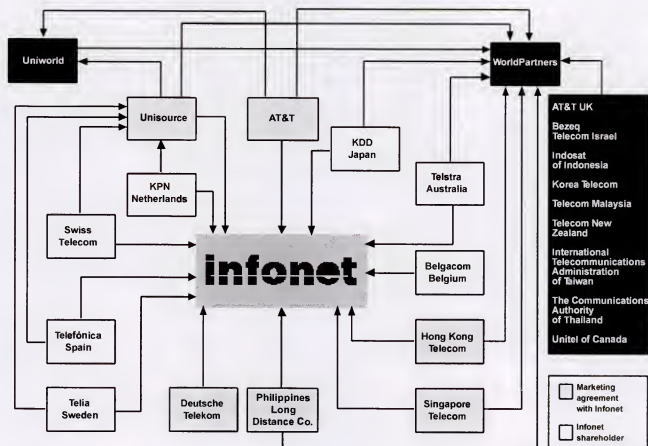
- Australia's Telstra Corporation (14.2%)
- Belgium's Belgacom (14.5%)
- Japan's Kokusai Denshin Denwa (KDD) (13.3%)
- The Netherlands' KPN (14.5%)
- Spain's Telefónica Internacional (14.5%)
- Sweden's Telia International (14.5%)
- Switzerland's Swiss PTT (14.5%)

The following exhibit on the following page shows which Infonet shareholders (KPN, Swiss Telecom, Telefónica, and Telia) are in the Unisource consortium and which ones (KDD and Telstra) are part of WorldPartners.



## Exhibit

## Infonet's Relationship with Other Industry Players



Source: Infonet Services Corporation

The above exhibit also shows Infonet's marketing agreements with providers (AT&T, Hong Kong Telecom, the Philippines Long Distance Co., Singapore Telecom, and Unisource) who are also in the Uniworld and WorldPartners camps.

It is important to note, however, that Infonet is a private company, not a consortium.

- For this reason, shareholder matters have no bearing on operational issues in terms of how Infonet goes about its business of

delivering and ensuring high-quality global network services on a daily basis.

- Ownership and operations decisions are purposefully kept separate in order for Infonet to concentrate solely on meeting customers' global data needs.
- Infonet customer contracts are with Infonet, not Infonet's owners.

### *Infonet Global Solution Providers*

To make its services available to an increasingly larger share of the global marketplace, the company has established Infonet Global Solution Providers and is pursuing other similar relationships on a worldwide basis. Current Infonet Global Solution Providers include the following:

- AT&T offers Infonet's World Network services outside the U.S. to U.S.-based customers with global data communication requirements. AT&T is also offering global access to the AT&T InterSpan Frame Relay service through Infonet's dial and dedicated connectivity.
- Deutsche Telekom continues to leverage its longstanding and successful marketing agreement with Infonet to offer global value-added services to its customers in Germany.
- Northern Telecom (Nortel) and Infonet have teamed up to develop sales opportunities for Nortel's Magellan Passport switch and Infonet's globally managed World Network services.
- Unisource has a nonexclusive agreement that allows it to offer improved global data services to European customers by leveraging Infonet's World Network to extend their reach beyond the borders of Europe.

### **Operations and Structure**

Infonet is staffed and equipped to serve as the single point of accountability for all customer operations. Its offices in 57 countries are well-established organizations that specialize in providing global end-to-end implementation and support. The technical experts staffing these offices handle local circuit procurement, installation, integration, training, and

customer hotline calls in their respective nations.

### *Global Connect Services*

As part of Infonet's Global Connect offering, local in-country Infonet representatives will procure the necessary third-party equipment for customers, including switches, PADS, modems, DSUs, VSAT customer premise equipment, routers, terminal adapters/servers, and private dedicated access lines. Their objective is to obtain equipment that will optimize the price/performance of each customer's network.

These in-country specialists will in turn arrange for the local telephone companies to install customer lines and modems and will personally verify that all connections are working correctly throughout.

### *24x7 Management/Support*

Infonet electronically monitors each customer's network and messaging services 24 hours a day, seven days a week from its strategically integrated Network Control Centers in California and Belgium.

- State-of-the-art monitoring and control equipment provides a real-time, global view of all services with built-in alarms that sound off early warnings when a degradation or failure is about to occur.
- Whenever users need immediate assistance in their native languages, they can call Infonet's in-country help desks during normal business hours, regional help desks with extended hours, and the 24-hour Global Support Center in California that never closes.
- Should a problem require on-site resolution, Infonet Support Center personnel will contact one of Infonet's international

troubleshooters. These troubleshooters are on 24-hour alert in major cities throughout the world and can be dispatched to any of 20,000 globally dispersed user sites at a moment's notice.

- If the root cause of a performance issue is extremely difficult to pinpoint and fix, it is assigned to one of Infonet's three global network diagnostic centers. Staffed by Infonet's most qualified engineers, these integrated facilities in the Asia/Pacific region, Europe, and the Americas specialize in finding and remedying the root causes of complicated network performance issues in every time zone.

### Company Strategy

Infonet remains focused on its stated strategy, which includes:

- The continued expansion of the global network presence and support infrastructure Infonet started building more than 25 years ago
- Continued introduction of new value-added products and services to enhance its competitive position in the marketplace

### Handling Multimedia Traffic

As a result of its agreement with Nortel, Infonet has deployed the world's largest network, using Magellan Passport 160s for

trunk-level switching on its next-generation core backbone, known as World Network<sup>Plus</sup>.

- In the process, Infonet has consolidated global variable-bit-rate traffic from its already established World Network portfolio (PDN, VPDN, and INFOLAN) over this single, high-speed backbone network.
- Meanwhile, Infonet's next-generation high-speed World Network<sup>Plus</sup> backbone has also set the stage to handle worldwide multimedia traffic and support additional services, including ATM and ISDN, as they become more internationally viable.

### Financials

INPUT estimates that Infonet's worldwide calendar 1995 revenue was \$325 million, a 16% increase over calendar 1994 revenue of \$280 million. A five-year revenue summary is shown below.

Infonet's standard portfolio of World Network services (X.25 PDN/VPDN, INFOLAN IP, Private Intranet, and Frame Relay) will continue to be the mainstays of its revenue stream. The company, however, anticipates that its DialXpress offering, Global WorkPlace solutions, and recently announced Integrated Media Services will be strong revenue contributors in 1996.

### Infonet Services Corporation Five-Year Revenue Summary\* (\$ Millions)

Item	Calendar Year				
	1995	1994	1993	1992	1991
Revenue	\$325.0	\$280.0	\$240.0	\$190.0	\$150.0
• Percent change from previous year	16%	17%	26%	27%	N/A

\* INPUT estimates.

Infonet introduced global Integrated Media Services in mid-July 1996. The company now offers these services in more than 30 countries by combining voice, fax, and data over its end-to-end managed next-generation World Network<sup>Plus</sup> backbone. As a result, Infonet is one of the world's largest providers of integrated voice, fax, and data communications and one of the biggest Global Voice Private Networks for corporate on-net to on-net usage.

- Infonet will seamlessly integrate voice and fax into a customer's existing X.25, TCP/IP or Frame Relay Virtual Private Network. In the process, Infonet will offer a flexible dial plan that enables customers to keep their existing telephone numbering schemes, thereby minimizing disruptions to their daily business.
- In essence, Infonet gives users a "Global Virtual PBX" (patent pending) that permits them to call any of their worldwide offices at any time for much less than what it would cost them to make the same call over public telephone lines. It is therefore estimated that customers who sign up for these services will be able to shave as much as 20% off the telecom bills they currently receive from different vendors in each country.
- Furthermore, the unified billing system Infonet has developed for these customers gives them one worldwide telephone and fax invoice, complete with global discounts, in the format, media, currency, and language of their choice.

By assuming a leadership role in the long-awaited convergence of communication services, Infonet is well positioned for future growth.

It is projected that 1996 revenue will exceed \$360 million.

### **Market Financials**

Approximately 90% of Infonet's existing customer base is concerned with mission-critical global data applications. These include enterprises with heavy concentrations in the transportation, retail, pharmaceutical, electronics, financial, shipping, software, textile, hotel, entertainment, and chemical industries.

It is estimated that 24% of the world's top 1,000 multinational firms use Infonet's international value-added network services.

INPUT estimates that Infonet's revenue is derived approximately as follows:

- Approximately 75% of revenue comes from managed network services, including Infonet's Public Data Network (PDN), Virtual Private Data Network (VPDN), Frame Relay, INFO LAN TCP/IP, and Private Intranet/Internet services, as well as DialXpress remote access services and multimegabit backbone services.
- Fifteen percent of revenue comes from customized network services, including domestic and international hybrid and private network services.
- Ten percent of revenue comes from applications services, including electronic commerce, messaging, and workgroup solutions.

### **Geographic Markets**

INPUT estimates that approximately 55% of Infonet's 1995 revenue originated from the U.S., 30% from Western Europe, 10% from the Asia/Pacific Rim, and 5% from the rest of the world.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

September 1995

## Infonet Services Corporation

**Chairman  
& President:** Jose A. Collazo  
2100 East Grand Avenue  
El Segundo, CA 90245-1022  
**Phone:** (310) 335-2600  
**Fax:** (310) 335-2876

### infonet

Status:	Privately-Owned Consortium
Employees:	2,000*
Revenue:	\$280,000,000*
Fiscal Year End:	12/31/94

\* INPUT estimates

#### Key Points

- Established in 1970, Infonet Services Corporation is one of the world's leading global network services companies.
- In October 1995, Infonet will sign a multimillion dollar contract with the Northern Telecom (Nortel) Multimedia Networks group to provide the hardware platform for the core backbone network that will be used to deliver Infonet's next generation of World Network services.
- Also in October 1995, Infonet will introduce LAN Management Services as a standard product offering. These services are designed to increase the quality, reliability and cost-effectiveness of the worldwide local-area network infrastructures that multinational organizations rely on to support their mission-critical client/server applications.
- In June 1995, AT&T announced it will offer Infonet's dial and dedicated X.25 packet service outside the U.S. to AT&T's U.S.-based customers that have global data networking needs. AT&T also plans to offer global access to AT&T's InterSpan Frame Relay service through Infonet's dial and dedicated connectivity by the fourth quarter of 1995.

- In May 1995, Infonet took a leadership role in introducing cost-effectively bundled global LAN dial services (INFOLAN Dial IP).
- Infonet is rapidly expanding its INFOLAN frame relay services and giving more and more customers access to the Internet.
- In May 1995, Infonet announced it had established a joint venture company—Siam Infonet Co.—to market and support its World Network services in Thailand.
- In February 1995, Infonet launched its NOTICE Post Office service. As part of this service, Infonet will house, manage and administer a cc:Mail or Microsoft Mail post office for a customer. Since Infonet performs 24-hour, 7-day a week management, there is no need for a customer to hire in-house experts to do the job or overburden their existing staff.
- 1995 marks a milestone in the history of Infonet, which celebrated its 25th anniversary as the original pioneer in the business of delivering seamless, global end-to-end managed data communications services.

### Company Description

Infonet Services Corporation is a leading provider of international communications solutions to global enterprises. Infonet specializes in global value-added services and networks, which are fully managed from end-to-end.

Infonet's offerings include:

- Worldwide Public and Virtual Private Data Network services
- Global INFOLAN services for high-speed LAN to WAN communications
- International NOTICE messaging services
- PerspeXion network management information services for the client site
- Enterprise Services for custom hybrid or private network solutions and for integrating dissimilar, geographically dispersed E-mail systems

The company currently services more than 20,000 user sites in more than 165 countries worldwide.

### Shareholders

Infonet is currently jointly owned by nine leading telecom operators in Europe and the Asia/Pacific. Infonet's equity shares are divided among:

- Australia's Telstra Corporation Ltd.
- Belgium's Belgacom
- France Telecom Transpac
- Germany's Deutsche Telekom
- Japan's Kokusai Denshin Denwa (KDD) Co. Ltd.
- The Netherlands' PTT Telecom
- Spain's Telefonica Internacional
- Sweden's Telia International
- Switzerland's Swiss PTT

On June 26, 1995, France Telecom Transpac and Germany's Deutsche Telekom agreed to divest, in a two-step transaction process, their ownership interest in Infonet.

- When the first transaction takes place, both France Telecom and Deutsche Telekom will sell a portion of their ownership interest to match the other seven shareholders such that all nine shareholders will have roughly the same number of shares.
- During the second transaction, France Telecom and Deutsche Telekom will divest the rest of their ownership interest. This



will occur when they receive regulatory approval to proceed with the Sprint deal. At that time, the remaining seven Infonet shareholders will once again increase their ownership interest by buying the France Telecom and Deutsche Telekom shares.

It is important to note, however, that Infonet is a private company, not a consortium.

- For this reason, shareholder matters have no bearing on operational issues in terms of how Infonet goes about its business of delivering and ensuring high quality global network services on a daily basis.
- Ownership and operations decisions are purposefully kept separate in order for Infonet to concentrate solely on meeting customers' global data needs.
- Infonet customer contracts are with Infonet, not Infonet's owners.

### Operations and Structure

Infonet is staffed and equipped to serve as the single point of accountability for all customer operations. Its offices in 55 countries are well-established organizations that specialize in providing global end-to-end implementation and support. The technical experts staffing these offices handle local circuit procurement, installation, integration, training and customer hotline calls in their respective nations.

#### *Global Connect Services*

As part of Infonet's Global Connect offering, local in-country Infonet representatives will procure the necessary third-party equipment for customers, including switches, PADs, modems, DSUs, VSAT customer premise equipment, routers, terminal adapters/servers and private dedicated access lines. Their objective is to obtain equipment that will

optimize the price/performance of each customer's network.

These in-country specialists will in turn arrange for the local telephone companies to install customer lines and modems and will personally verify that all connections are working end-to-end.

#### *24x7 Management/Support*

Infonet electronically monitors each customer's network and messaging services 24-hours a day, seven days a week from its strategically integrated Network Control Centers in California and Belgium.

- State-of-the art monitoring and control equipment provides a real-time, global view of all services with built-in alarms that sound off early warnings when a degradation or failure is about to occur.
- Whenever users need immediate assistance in their native languages, they can call Infonet's in-country HELP desks during normal business hours, regional HELP desks with extended hours and the 24-hour Global Support Center in California.
- Should a problem require on-site resolution, Infonet Support Center personnel will contact one of Infonet's international troubleshooters. These troubleshooters are on 24-hour alert in major cities throughout the world and can be dispatched to any of 20,000 globally dispersed user sites at a moment's notice.
- If the root cause of a performance issue is extremely difficult to pinpoint and fix, it is assigned to one of Infonet's three global network diagnostic centers. Staffed by Infonet's most qualified engineers, these integrated facilities in the Asia/Pacific, Europe and the Americas specialize in finding and remedying the root causes of

complicated network performance issues in every time zone.

### **Company Strategy**

Infonet remains focused on its stated strategy which includes:

- The continued expansion of the global network presence and support infrastructure Infonet started building more than 24 years ago
- Continued introduction of new value-added products and services to enhance its competitive position in the marketplace

#### *Positions to Handle Multimedia Traffic*

As a result of its new agreement with Nortel, Infonet is now deploying the world's largest network using Magellan Passport 160s for trunk-level switching on its core backbone.

- In the process, Infonet is consolidating global variable bit rate traffic from its World Network portfolio (PDN, VPDN and INFOLAN) over this single, high-speed backbone network.
- This same high-speed backbone also sets the stage for Infonet's World Network to handle worldwide multimedia traffic and support additional services, including ATM and ISDN, as they become more internationally viable.

#### *Focus on Networked Resource Management*

Meanwhile, Infonet is expanding its existing global communications services to include networked resource management—a natural evolution as the company strives to deliver ever greater value to its customers.

In recent years, Infonet extended its network management services to cover the router that connects LANs on the customer premise to Infonet's wide-area INFOLAN service for worldwide, high-speed file transfers. It now makes sense for the provider to assume responsibility for additional network elements all the way down to the desktop at each client site.

The provider is therefore aggressively taking steps that will ultimately allow it to manage the performance and security control of actual computer hardware and software residing on the customer premise and perform remote LAN administration services. In doing so, Infonet will introduce desktop systems management solutions.

Infonet has already reached a milestone in this direction by managing network resources for a leading U.S. pharmaceutical company.

### **Financials**

INPUT estimates Infonet's worldwide calendar 1994 revenue was \$280 million, a 17% increase over calendar 1993 revenue of \$240 million. A four-year revenue summary, as estimated by INPUT, appears on the following page.



**Infonet Services Corporation  
Four-Year Revenue Summary\***  
(\$ Millions)

Item	Calendar Year			
	1994	1993	1992	1991
Revenue	\$280.0	\$240.0	\$190.0	\$150.0
• Percent change from previous year	17%	26%	27%	N/A

\* INPUT estimates.

Infonet management attributes the company's significant growth to its global end-to-end support organization, cost-effective access options and worldwide network coverage.

- Progressive steps were taken during the year when Infonet interconnected its World Network and China's national public data network. It also established facilities staffed by dedicated data communications specialists in Beijing, Guangzhou and Shanghai to arrange dial-up or dedicated Chinapac service connections for customers and to provide ongoing local user support.
- Equally substantial inroads were made when Infonet expanded its World Network's backbone to include significant bandwidth on the new submarine fiber optic cable SEA-ME-WE 2 that stretches from Singapore westward to France. This additional bandwidth on SEA-ME-WE 2 means Infonet's end-to-end managed digital data terrestrial service now circles the global with T1/E1 and fractional T1/E1 trunks. In the process, Infonet established the shortest possible path for managed data communications on its World Network between Asia and Europe. Customers will therefore get much faster response times. They will also benefit from higher network availability because

Infonet's World Network now has more ways to route traffic between Asia and Europe—via SEA-ME-WE 2 or via multiple paths across North America.

It is projected that 1995 revenue will exceed \$310 million.

### Market Financials

Approximately 90% of Infonet's existing customer base is concerned with mission-critical global data applications. These include enterprises with heavy concentrations in the transportation, retail, pharmaceutical, electronics, financial, shipping, software, textile, hotel, entertainment and chemical industries.

It is estimated that 24% of the world's top 1000 multinational firms use Infonet's international value-added network services.

INPUT estimates Infonet's revenue is derived approximately has follows:

- Approximately 70% of revenue comes from managed network services, including Infonet's Public Data Network (PDN) and Virtual Private Data Network (VPDN) services, INFOLAN dedicated TCP/IP and frame relay links as well as dial IP and ISDN access services and multimegabit backbone services.

- 15% of revenue comes from customized network services, including domestic and international hybrid and private network services.
- 10% of revenue comes from applications services, including messaging.
- 5% of revenue comes from basic data transport services (such as INFOLAN Frame Relay).

### Geographic Markets

INPUT estimates approximately 55% of Infonet's 1994 revenue originated from the U.S., 30% from Western Europe, 10% from the Asia/Pacific Rim and 5% from the rest of the world.

### Employees

Infonet currently has an estimated 2,000 employees, of which about 600 are located in the U.S. and the remainder are based in various international locations worldwide.

### Key Products and Services

Infonet's services can be broken down into three categories:

- The World Network
- World Support Services
- Enterprise Communications Services

#### *The World Network*

Through the World Network, Infonet provides global connectivity, global LAN-to-WAN services and packaged messaging services. The World Network targets buyers primarily of data communications systems.

**X.25 Network Services**—Infonet offers a range of managed X.25 network services which are accessible in about 165 countries for global communications.

- Dial-up speeds range from 1200 bps up to 19,200 bps. Infonet plans to introduce 28,800 bps. Speeds for dedicated links range from 9,600 bps up to 64,000 bps.
- Infonet offers clients a complete migration path to meet their global network communications requirements.
  - For relatively low-volume, low-speed usage from points distributed around the world, users can choose Infonet's public data network (PDN) services.
  - As usage and network performance demands increase, users can migrate to Virtual Private Data Network (VPDN) services. Mesh and star topologies are available worldwide with speeds up to T1/E1.

**LAN Interconnect Services**—INFOLAN is a family of high-speed, globally managed LAN-WAN services.

- Infonet has been addressing the LAN interconnection market with its INFOLAN family of services since 1991. In fact, with 90% of Infonet's LAN interconnect revenues derived from the international market, the company appears to be the leader in the international public LAN interconnection services market.
- INFOLAN is the world's largest native wide-area TCP/IP network service, covering 31 countries. This service is distinguished by the fact that Infonet manages the network down to the router on the customer premise and offers more access options (dedicated, asynch dial and ISDN) than any other LAN connectivity service provider.
- In May 1995, Infonet announced four new INFOLAN Dial IP services. INFOLAN

Branch Office provides multinational corporations LAN-LAN connectivity for branch offices using asynch, Switched 56 or ISDN access options. INFOLAN Private Internet expands connectivity to the main office for business partners and customers and offers an especially cost-effective bundled 1-800 ISDN access option. INFOLAN On-the-Road and INFOLAN Telecommute target mobile or home workers, allowing them to access the main office or other branch locations.

The management cost of implementing and operating a remote LAN outer network can be up to 40% of the total cost. To date, Infonet is the only provider assuming this management responsibility for the dial-up market. Infonet takes care of procurement, configuration, installation, maintenance, monitoring of dial-up routers on the customer's premise and ongoing management of equipment.

**Frame Relay**—The INFOLAN family was expanded in 1994 to include frame relay, which routes multiple LAN protocols in native mode. Access port speeds range from 9.6 Kbps up to the T1/E1 level. Service is available in more than 25 countries.

- INFOLAN Frame Relay affords customers additional flexibility. For example, customers can sign up for PVC committed information rates up to 1024 Kbps that give data transmissions from their key sites a higher priority during peak traffic periods.
- INFOLAN Frame Relay also protects clients' existing investments in customer premise routers, such as Timeplex TL 100s and IBM 6611s and 3745s, as well as those from Cisco, Bay Networks (Wellfleet), Proteon, CrossCom, DEC and 3Com.
- Customers can have Infonet manage down to the Cisco router level on their sites. Plans are underway for extended Infonet router management services to also cover Bay Networks' equipment on the customer site.

Infonet has established a gateway between its X.25 Public Data Network and INFOLAN so Internet Protocol (IP) and X.25 clients can use both networks. Infonet has also implemented an asynchronous-to-Telenet gateway to allow global asynchronous dial access to IP hosts on the INFOLAN network. INFOLAN clients may also communicate with hosts on the Internet via Infonet's Internet Gateway.

**Internet Services**—Global access to the Internet is made possible via the provider's INFO.Net solution, which combines the reach of the Infonet World Network, including ISDN and 800 access options, with host-based applications that remote users can timeshare.

- The INFO.Net host provides a range of tools for navigating the Internet, such as Gopher, Archie, the World Wide Web and Wide-Area Information Servers (WAIS). It also offers Mail, ELM and Pine for exchanging messages with other Internet users.
- INFO.Net uses SMTP for moving mail to and from the Internet and NNTP for handling correspondence with *Network News* discussion groups on the superhighway.
- The INFO.Net host performs Domain Name Services whereby it automatically translates the names different individuals use into physical IP addresses.

- Customers may store their corporate products and services information, annual report and Mosaic home page on the INFO.Net host computer. Corporate applications remain private and secure because of a firewall.

**PerspeXion**—PerspeXion is Infonet's family of network management information services available to users of Infonet's X.25 and INFOLAN public services, as well as hybrid and private network solutions.

- PerspeXion Link electronically delivers daily, weekly and monthly network performance and activity reports to the customer's location.
- PerspeXion Vision, is a real-time network monitor on the client site providing an end-to-end graphic view of the customer's ports, circuits and routers.
- PerspeXion Manage provides a single window into Infonet managed hybrid and private network solutions. It, too, resides on the client site.

Infonet is fast gaining a reputation as the only one-stop shopping center for both network-based messaging services and private messaging domain (PRMD) or administrative messaging domain (ADMD) solutions.

**Messaging Services**—Infonet can implement a client's geographically dispersed mail and applications systems via Infonet's various globally managed NOTICE Messaging Services.

- NOTICE Post Office is a non-stop service that provides an access point for remote users and messaging hub for geographically dispersed downstream Post Offices and Workgroups.

- NOTICE Xchange enables the exchange of mail via X.400 from users of Microsoft Mail, cc:Mail, NetWare Global MHS and SMTP Mail to users of any host, LAN, PC or Internet-based system.
- NOTICE Internet maps proprietary message addresses from proprietary E-mail systems to Internet addresses for sending and receiving mail.
- NOTICE Reports permits better monitoring and tracking of message traffic as an add-on service to NOTICE Xchange.
- NOTICE Page maintains communications with mobile users by sending them short text messages or alerting them that longer messages are waiting.
- NOTICE 400 provides standards based enterprise-to-enterprise communication over a global X.400 backbone and functions as a messaging backbone for distributing messages between host, LAN, PC and Internet-based systems.
- NOTICE Private is a PC-to-PC, closed user group messaging service for mission-critical E-mail, binary files, faxes and telexes on a transnational, intracompany basis.
- NOTICE Offnet provides a seamless link between electronic communications facilities and "offnet" services such as fax and telex.
- NOTICE Directory provides fully standards-compliant X.500 directory services. As a result, remote dial-in and LAN E-mail users can electronically look up addresses.

**Messaging Handling Systems (MHS)**—The Messenger 400 family of products from

Infonet Software Solutions include interoperable message servers (PRMDs and ADMDs) based on 1992, 1998 and 1984 X.400 specifications.

- Infonet's Messenger 400 products also consist of directory systems based on X.500, gateways for connectivity to SMTP/MIME, cc:Mail, Microsoft Mail and Network Global MHS mail systems, X.400 client software and EDI products.
- Infonet Software Solutions' offerings provide E-mail server capabilities for the small department, corporation or in-country telecom operator.
- Messenger 400 is available on a range of scalable UNIX platforms, including SCO UNIX, Sun, HP9000, Tandem, Stratus and RS/6000. For additional flexibility, Messenger 400 products support X.400 over X.25, TCP/IP and asynchronous dial-up lines.

#### *World Support Services*

World Support Services consist of Infonet's people-driven services, such as local in-country support, circuit procurement, training services, installation support, help desks, network operations and facilities management.

- World Support Services are provided to Infonet's customers through Infonet's in-country sales, service and support organizations which are currently operating worldwide in more than 50 countries.
- These Infonet services address user needs for value-added customer service, application support and pre-provisioned connectivity.

#### *Enterprise Communications Services (ECS)*

Infonet's ECS offering is comprised of Enterprise-Defined Network Services (EDNS) and Enterprise-Defined Messaging Services (EDMS).

- ECS targets high-level buyers with a global systems orientation. These are companies with large scale systems needing high level technical support, and are usually companies requiring custom fully integrated services from a single vendor with in-country global support.
- EDNS provides an umbrella of hybrid or private network solutions that can include consulting, complex network design, hardware acquisitions, installation services, desktop-to-desktop integration, management services, maintenance and site location facilities.
- EDMS provides custom integration of heterogeneous messaging systems into a singular and globally managed network.

#### **Client Contracts/Projects**

Germany's SAP AG, one of the world's leading software firms, was one of the first to select INFOLAN Frame Relay, joining other high tech leaders such as Informix, Sun Microsystems and Microsoft. SAP selected Infonet because of the provider's flexibility, network expansion capabilities, existing technologies already in place and worldwide coverage.

Korea's Goldstar, a part of leading electronics manufacturer Lucky-Goldstar Group, also became an Infonet client. Goldstar has selected an INFOLAN/VPDN/PDN solution serving 40 global locations. Factors contributing to Goldstar's selection of Infonet included the provider's experience managing

international VPDNs, INFOLAN capabilities, Global Connect services, local support operations and the long-term relationship with Korea's DACOM organization.

CIBC Wood Gundy, the stock brokerage arm of the Canadian Imperial Bank of Commerce, leveraged the relationship between Infonet and WorldLinx to meet its needs.

- WorldLinx provides the IP network that connects CIBC Wood Gundy's Toronto headquarters and 50 other locations in Canada.
- Infonet's INFOLAN TCP/IP service in turn gives CIBC Wood Gundy international connectivity with world financial centers in New York, London, Singapore, Tokyo, Taipei and other locations.
- Because of the huge volumes of international securities trading handled over the network, CIBC Wood Gundy considered reliability the most important selection criteria.

The Federal Aviation Administration awarded its Agency Data Telecommunications Network 2000 (ADTN 2000) contract to Infonet and Government Systems Incorporated (GSI). ADTN replaces the existing FAA administrative telecommunications network for connecting major computing centers and networks with more than 4,000 users. GSI specializes in providing Infonet services to U.S. government organizations around the world.

Infonet has successfully supplied managed network resources for a leading U.S. pharmaceutical company, which asked Infonet to install and maintain LANs at all of its European sites.

- Infonet completed the installation in 30 days—a record pace that helped Infonet cement an ongoing business partnership with this customer who, for competitive reasons, considers speed-to-market a top priority.
- Infonet has also established INFOLAN dedicated TCP/IP links at the pharmaceutical company's research and development, sales and financial operations in Europe, along with INFOLAN dial IP connections for its small subsidiaries in Europe, Canada and the U.S.
- The company also contracted with Infonet to do after hours monitoring of its private WAN that spans the U.S., Europe and Latin America and the LANs that are connected to it.
- Infonet monitors these operations from 7 p.m. to 7 a.m. during the week and round-the-clock on weekends and holidays using tools that give Infonet visibility to the desktop and server at each site.

### **Marketing and Sales**

Infonet markets its services via a direct sales force as well as through various joint marketing agreements.

A few of Infonet's newly organized partnerships include the following:

- AT&T is offering Infonet's dial and dedicated X.25 packet service outside the U.S. to AT&T's U.S.-based customers that have global data networking needs. Additionally, AT&T plans to offer global access to AT&T's InterSpan Frame Relay service through Infonet's dial and dedicated connectivity by the fourth quarter of 1995.



- Infonet and Microsoft are jointly developing a new family of enterprise-wide desktop applications and services for worldwide network use.
- Northern Telecom will provide the Magellan hardware platform for Infonet's core backbone network that will be used to deliver its next generation of World Network services. This core backbone will handle worldwide multimedia traffic and support additional services, such as ATM and ISDN, as they become more internationally viable.
- Under an exclusive multiyear agreement with Infonet, WorldLinx Telecommunications Inc. (a subsidiary of Bell Canada) now markets Infonet's Enterprise-Defined Network Services in the Canadian marketplace. Custom-tailored to provide companies doing business in Canada with hybrid and private global network solutions, these services include consulting, design, installation, hardware/software acquisitions, network management and ongoing support.
- Iusanet now markets and sells Infonet's World Network services in Mexico. Iusanet is a subsidiary of Grupo Iusacell—the main wireless cellular carrier in Mexico that is 51% owned by Iusa (Industrias Unidas S.A.) and 49% owned by Bell Atlantic. Infonet already has about 200 corporate multinational clients in Mexico.
- Siam Infonet Co., Ltd. is a new joint venture company that will market and sell Infonet's World Network services in Thailand. Headquartered in Bangkok, it is jointly owned by Siam TV and Communications Co., Ltd. and Infonet Services Corporation.

## Alliances

Infonet teamed with Hughes Olivetti Telecom to extend its World Network via Satellite Services in Eastern Europe and parts of the Middle East. The company now leases transponder space aboard a Eutelsat satellite from Hughes Olivetti Telecom Ltd., which will handle two-way Ku-band transmissions for Infonet's World Network customer sites in Eastern Europe and the Middle East. All transmissions destined to or from these parts of the world are funneled through a shared satellite hub facility in the U.K.

- These new X.25 Satellite Services will enable multinational companies that already use the PDN and VPDN services on Infonet's World Network to rapidly and inexpensively add connections in places like Poland, Hungary, Turkey and Israel. Infonet will secure the necessary licenses and arrange for two-way communications between each satellite service site and the rest of the client's Infonet PDN or VPDN, as well as 24-hour user support.
- Unlike many carriers who provide satellite services that do not go beyond their own backbone network, Infonet's offering extends to the customer premise. In other words, Infonet will arrange for 1.2, 1.8 or 2.4 meter Very Small Aperture Terminals (VSATs) to be installed at each customer site. Additionally, its Satellite Services will be maintained and managed from end-to-end with Infonet serving as the single point of accountability round-the-clock.

## Competition

Infonet's primary competitors include GE Information Services, Advantis, MCI (TYMNET) and Sprint.





**INFONET SERVICES  
CORPORATION**

2100 East Grand Avenue  
El Segundo, CA 90245-1022  
Phone: (310) 335-2600  
Fax: (310) 335-2876

Chairman & President: Jose A. Collazo  
Status: Privately-Owned  
Consortium  
Total Employees: 1,200\* (12/93)  
Total Revenue: \$240 million\*  
Calendar Year End: 12/31/93

\* INPUT estimates

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**Key Points**

- Established in 1970, Infonet Services Corporation is one of the world's leading global network services companies.
- In December 1993, Infonet's shareholders enlarged their stakes in Infonet by purchasing MCI's 25% ownership interest in Infonet.
- Infonet has recently announced Enterprise-Defined Messaging Services (EDNS), a software and services offering connecting geographically dispersed messaging systems.
- Infonet has also announced its intention to offer international frame relay-based services.
- In May 1993, Infonet announced its PerspeXion family of integrated network management services.
- In October 1993, Infonet announced its new INFOLAN Switched Access Service, a high-speed, globally managed PC to LAN dial solution available worldwide with full TCP/IP capabilities.
- Infonet and Microsoft are jointly developing enterprise-wide desktop management solutions to help control the worldwide distribution of new applications.
- During 1993, Infonet announced it had extended its World Network of value-added network services to Russia; 11 additional cities in key European markets, such as Germany, France, Switzerland, Spain and Italy; and Indonesia. Infonet also signed a service agreement with DATACOM to support local users in Bolivia.

**Company Description**

Infonet is a global communication/network services company emphasizing integrated data services, connectivity, internetworking, custom solutions, and end-to-end support. The company currently serves more than 10,000 user sites in about 150 countries worldwide.

In December 1993, MCI, previously the single largest owner in Infonet with a 25% share, sold its interest to the other Infonet shareholders. MCI agreed to sell its ownership interest as a result of its new relationship with BT PLC (BT is purchasing a 20% interest in MCI and MCI is acquiring BT North America--a competitor of Infonet in the U.S. market).

Infonet is now jointly owned by 10 leading telecom operators in Europe and the Asia/Pacific. Infonet's equity shares are now divided as follows:

- Belgium's Belgacom (7.2%)
- Deutsche Bundespost Telekom (Germany, 21.6%)
- France Telecom Transpac (21.6%)
- Kokusai Denshin Denwa Co., Ltd. (KDD-Japan, 6.8%)
- PTT Telecom Netherlands (7.2%)
- Singapore Telecom International (7.2%)
- Telia International (Sweden, 7.2%)
- Swiss PTT (7.2%)
- Telstra Corporation Ltd. (Australia, 7.2%)
- Telefonica International (Spain, 7.2%)

**Strategy**

Infonet is positioning its company as a global data communications specialist.

Infonet's primary goal is to be a leader in providing globally managed data communications services to the world's leading transnational corporations. Infonet's services resolve differences in data transmission speeds and standards, serving as the translator between the disparate computer and telecommunications systems used by its clients.

Infonet was the first global business to assemble its service by pioneering direct local access. Infonet's fully integrated communication facilities now offer direct singular network access from all of the world's major cities, thereby eliminating the need for multiple network interconnections.

- Since direct access data does not have to pass through multiple gateways connecting multiple networks, Infonet clients receive a seamless service, faster application response times, and higher network availability.

- This approach is considerably different from other network services which depend primarily on intervention of international record carriers and gateways for access.
- Infonet operations in more than 50 countries participate in the firm's Global Connect program by provisioning, managing and maintaining local loop services and customer site equipment for clients in their respective nations. The personnel of these worldwide Infonet operations are residents of their respective countries, and offer clients the benefits of speaking the native language, knowing proper business protocols, local government regulations, technological compatibility issues, local operational requirements, local legal concerns, tariff structures, and protocol standards.

Future plans include the following:

- Introducing VSAT and frame-relay and expanding Global Connect services
- Delivering PerspeXion Manage, for clients with Infonet managed hybrid and private networks who want a customized solution
- Announcing the commercial availability of NOTICE Xchange, a multifunction message switch that allows users on disparate LAN and UNIX mail platforms to exchange business documents on a worldwide basis

## Financials

INPUT estimates Infonet's worldwide calendar 1993 revenue was \$240 million, a 26% increase over calendar 1992 revenue of \$190 million. A three-year revenue summary, as estimated by INPUT, follows:

**INFONET SERVICES CORPORATION  
THREE-YEAR REVENUE SUMMARY\*  
(\$ millions)**

ITEM	CALENDAR YEAR		
	1993	1992	1991
Revenue	\$240.0	\$190.0	\$150.0
Percent increase from previous year	26%	27%	N/A

\* INPUT estimates

Infonet management attributes the company's significant growth to its fixed-cost services, VPDN and INFOLAN.

- A major accomplishment during the year was the completion of the Siemens node migration, thereby providing high-speed 56/64kbps private ports for global virtual private data network clients with rapidly escalating data communications traffic who want to put a cap on their annual communications costs.
- The fixed-cost INFOLAN dedicated link service connects geographically dispersed LANs over a wide-area network using native LAN/WAN protocols, such as TCP/IP, Source Route Bridging, Novell NetWare, and DECnet.

It is projected that fiscal 1994 revenue may reach \$280 million.

### **Market Financials**

INPUT estimates Infonet's revenue is derived approximately as follows:

- Approximately 70% of revenue is derived from managed network services, including Infonet's public data network (PDN) and virtual private data network (VPDN) services, INFOLAN dedicated link and switched access services and multimegabit backbone services.
- 15% of revenue comes from customized network services, including hybrid and private network services.
- 10% of revenue comes from applications services, including messaging
- 5% of revenue comes from basic data transport services (start-up frame relay services)

Approximately 85% of Infonet's existing customer base is concerned with global data applications. These include industry concentrations from transportation, retail, pharmaceutical, aerospace, financial, high-tech, automotive, mass media, textile, and chemicals.

### **Geographic Markets**

INPUT estimates approximately 45% of Infonet's calendar 1993 revenue was derived from the U.S. and 55% from international sources.

**Operations/  
Structure**

Infonet has worldwide sales, services and support operations in more than 50 countries. In conjunction with Infonet's Global Connect program, in-country staff provision the necessary modems and private dedicated access lines for each customer site and arrange for local telephone company installation. Thereafter, Infonet manages and maintains each connection from end-to-end.

Infonet has geographically distributed and strategically integrated Network Control Centers (NCCs) located within Infonet Support Centers throughout the world.

- NCCs facilitate continuous monitoring of the network and provide global operational and management capabilities designed to anticipate potential problems.
- NCCs provide 24 hours a day hotline service for problem resolution.

Infonet has data centers in Southern California and the Washington D.C. area in support of its network services.

**Employees**

Infonet currently has an estimated 1,200 employees, of which about 600 to 700 are located in the U.S. and the remainder in various international locations worldwide.

**Acquisitions/  
Divestitures**

In December 1992, the Communications Services Division of Infonet/Computer Sciences Canada Ltd. was acquired by Bell Canada subsidiary WorldLinx Telecommunications Inc.

- WorldLinx has assumed ownership of Infonet's communications facilities in Vancouver, Calgary, Ottawa, Toronto, and Montreal.
- As part of the agreement, WorldLinx now sells and supports Infonet's international line of value-added services throughout Canada.
- In September 1993, WorldLinx announced WorldLinx INFOLAN, a cross-Canada implementation of Infonet's INFOLAN network service, providing Canadian businesses fully managed and maintained LAN to WAN internetworking capabilities from 22 cities across Canada.
- Infonet/Computer Sciences Canada Ltd., the Toronto-based subsidiary of Infonet, will continue serving Infonet's computing service users in the Canadian government and commercial sector.

**Key Products  
and Services**

Infonet's services can be broken down into three categories:

- Enterprise Communications Services
- The World Network
- World Support Services

*Enterprise Communications Services (ECS):*

ECS provides custom global communications solutions to the Global 1000, a group of multinationals whose cumulative worldwide communication service expenses exceed an estimated \$10 billion per year.

- ECS targets high-level buyers with a global systems orientation. These are companies with large scale systems needing high level technical support, and are usually companies requiring custom fully integrated services from a single vendor with in-country global support.
- With ECS, Infonet serves as a single source for global communications services, providing network outsourcing and integrated services (voice, data, image, fax, and video), and custom network application solutions.

Infonet's ECS offering is comprised of Enterprise-Defined Network Services (EDNS) and Enterprise-Defined Messaging Services (EDMS).

- EDNS provides an umbrella of custom hybrid and private network solutions with a single point of accountability.
  - Infonet will plan, design, implement, maintain and manage or co-manage global hybrid and private communication networks with integrated data, voice, fax, imaging, and video capabilities.
  - Infonet will also serve as the desktop-to-desktop systems integrator during the implementation phase.
  - Services are tailored to a company's specific requirements. A client can have Infonet handle all or part of their network management.
- EDMS provides the network, software, and integration support that allows the customers to connect mainframe, minicomputer, LAN, and PC-based messaging applications into a singular and globally managed network.
  - Infonet's network supports E-mail, fax, telex, and file transfer.

- Infonet provides software and connectivity support for all the leading E-mail packages as well as specialized connectivity services for the IBM midrange family of computers.
- Services include designing customized messaging plans, project management during implementation, management of the global messaging network (including maintenance of customer directories, round-the-clock monitoring of network connection, and worldwide troubleshooting and hotline support), facilities management of customer-owned store-and-forward messaging, and hardware and software.

#### *The World Network:*

Through the World Network, Infonet provides global connectivity, global LAN-to-WAN services, and packaged messaging services. The World Network targets buyers primarily of data communications systems.

Network Services: Infonet offers a range of managed network services which are accessible in about 150 countries for global communications.

- Users can access Infonet's network services using X.25, Asynch, X.75, MNP, SNA/SDLC, Minitel, X.400, TCP/IP, Source Route Bridging, plus other protocols.
- Dial-up speeds range from 1200 bps up to 19,200 bps. Speeds for dedicated links range from 1200 bps up to T1/E1 levels.
- Infonet offers clients a complete migration path to meet their global network communications requirements.
  - For relatively low-volume, low-speed usage from points distributed around the world, users can choose Infonet's public data network (PDN) services.
  - As usage and network performance demands increase, users can migrate to a virtual private data network (VPDN) service, a fixed-cost solution with mesh, star, and point-to-point topologies available worldwide with speeds up to 56/64 Kbps.
- INFOLAN is Infonet's high-speed, globally managed LAN-to-WAN internetworking service.
  - The fixed-cost INFOLAN dedicated link connects geographically dispersed LANs over a wide-area network using native LAN/WAN protocols, such as TCP/IP, Source Route Bridging, Novell NetWare, and DECnet. There is an interconnect between



INFOLAN and Infonet X.25 PDN/VPDN services. In addition, there is an INFOLAN gateway to the Internet.

- The INFOLAN Switched Access Service, announced in October 1993, is a high-speed, globally managed PC to LAN dial solution based on usage sensitive pricing. It is available worldwide with full TCP/IP capabilities. This new dial IP service is aimed at meeting the needs of multinational firms who want to expand their private TCP/IP networks to remote branch offices, telecommuters, business travelers, customers, suppliers, and other trading partners on a global basis. Benefits of the service include usage sensitive pricing for low-volume sites, global availability, worldwide network management and a 24-hour user hot line.
- INFOLAN service will be extended to provide worldwide frame relay capabilities with T1/E1 access speeds in 1994.

PerspeXion, introduced in May 1993, is Infonet's family of network management information services available to users of Infonet's X.25, INFOLAN and private and hybrid network services.

- PerspeXion includes three components as follows:
  - PerspeXion Vision monitors at each client site are fed real-time, graphic and alarm information from Infonet's Network Control Center. By watching their monitor, a customer is able to see exactly when a communications incident occurs and Infonet's acknowledgment and actions taken. Customers can then respond quickly to end-user questions.
  - PerspeXion Manage is for clients with Infonet managed hybrid and private networks who want a customized PerspeXion Vision solution, along with special network management consulting and reporting services.
  - PerspeXion Link electronically delivers daily, weekly, and monthly network performance and activity reports to PerspeXion Vision and PerspeXion Manage customers.

Messaging Services: Infonet can implement a client's geographically dispersed mail and applications systems via Infonet's various message services.

- NOTICE Xchange is a multifunction message switch that allows users on disparate LAN and UNIX mail platforms to seamlessly exchange business documents on a worldwide basis.



- The NOTICE Soft-Switch Central family provides a central network-based gateway that Infonet manages between more than 40 proprietary E-mail systems, including IBM's All-in-1, VMS:Mail and 3+ Mail.
- NOTICE Private offers the security of a protected mail system while servicing a geographically dispersed user base. The user retains the directory maintenance function.
- NOTICE 400 is fully compliant with X.400 standards and is designed to provide global connectivity between multiple mail communities. It functions as a hub for distributing messages received from one host, LAN or PC and destined to other hosts, LANs or PCs.
- PC COMPLETE for NOTICE is a flexible user interface and messaging productivity tool for the desktop.

#### *World Support Services:*

World Support Services provided by Infonet include local in-country support, circuit procurement, training, installation support, help desk network operations, and facilities management.

World Support Services are provided to Infonet's customers through Infonet's in-country sales, service, and support organizations which are currently operating worldwide in more than 50 countries.

#### *Contracts:*

Infonet has been awarded a multiyear contract to provide Sun Microsystems with a worldwide TCP/IP data network based on Infonet's INFOLAN globally managed LAN-to-WAN internetworking service.

Infonet is partnering with MCI to implement, manage, and maintain a high-speed network that supports voice, data, and video communications among more than 20 major J.P. Morgan sites around the world.

In November 1993, Infonet announced it is now providing access through its worldwide X.25 public data network to NIFTY Corporation's on-line database subscriber service, called NIFTY-Serve, supporting customers in 40 countries.

In November 1993, Government Systems Inc. (GSI), a private company jointly owned by Infonet and MCI, was awarded a five-year, \$7 million contract to provide value-added data communications services to the U.S. Postal Service.

Infonet is managing and maintaining the Virtual Private Data Network Service for European Community member states. Member states are using the network to exchange value-added tax information.

## **Marketing and Sales**

Infonet markets its services via a direct sales force as well as various joint marketing agreements. A few of Infonet's newly organized partnerships include the following:

- Infonet and Telecom Finland have established a joint venture company (Infonet Finland Ltd.) to market and support Infonet's global communications services to Finnish enterprises requiring international direct access.
- Infonet and the Deutsche Bundespost Telekom have established a joint venture company (Infonet Network Services Deutschland GmbH) to market and support Infonet's global communications services to German enterprises and maintain and expand the existing Infonet network in Germany.
- INFOCOM markets and sells Infonet's fixed-cost VPDN, NOTICE messaging and variable-cost PDN services to multinational organizations in Russia. The firm also supports local users and maintains the new Infonet communications facility on its premises.
- INFOCOM, headquartered in Moscow, is owned by the Russian Institute for Automated Systems, the Moscow Local Telephone Network, the Finnish companies Fexima and Elorg-Data, Telecom Finland, and Infonet.
- Government Systems Inc., established in 1990 and headquartered in northern Virginia, is a private company jointly owned by Infonet and MCI that specializes in providing Infonet's global communications services to the U.S. government.

## **Alliances**

Infonet uses Siemens Communications Systems' EWSP line of HNN and ANP packet switching equipment for use in Infonet's PDN and VPDN offerings. Infonet also has the rights to resell Siemens' packet switching equipment as part of its EDNS offering.

Infonet and Microsoft are jointly developing a new family of enterprise-wide desktop system management solutions and services. Infonet will integrate Microsoft's systems management technology, featuring the Windows NT operating system, into its own global communication services product line. This integration will make it possible for multinational user organizations to receive their PC software and distribute it to their worldwide offices via Infonet's WAN services.

Infonet initially selected Cisco AGS+ and IGS routers as the hardware platform for its worldwide INFOLAN backbone network when the service was launched in 1991.

- Infonet has upgraded its router offerings to include the next generation, Cisco's 3000 and 4000 routers and also installs at international customer sites, upon request.
- Cisco uses INFOLAN for its own corporate communications purposes, connecting LAN users in European sales offices with the manufacturing plant in Menlo Park (CA).

Infonet and Semaphore Communications Corporation have teamed to offer end-to-end managed data encryption to security conscious businesses who use INFOLAN employing Semaphore's Network Security Systems.

In early 1993, Martin Marietta assumed management and operation of Infonet's outsourcing contracts with the federal government for data center operations and professional services support. Martin Marietta is also responsible for the entire Infonet IBM data center in Beltsville (MD).

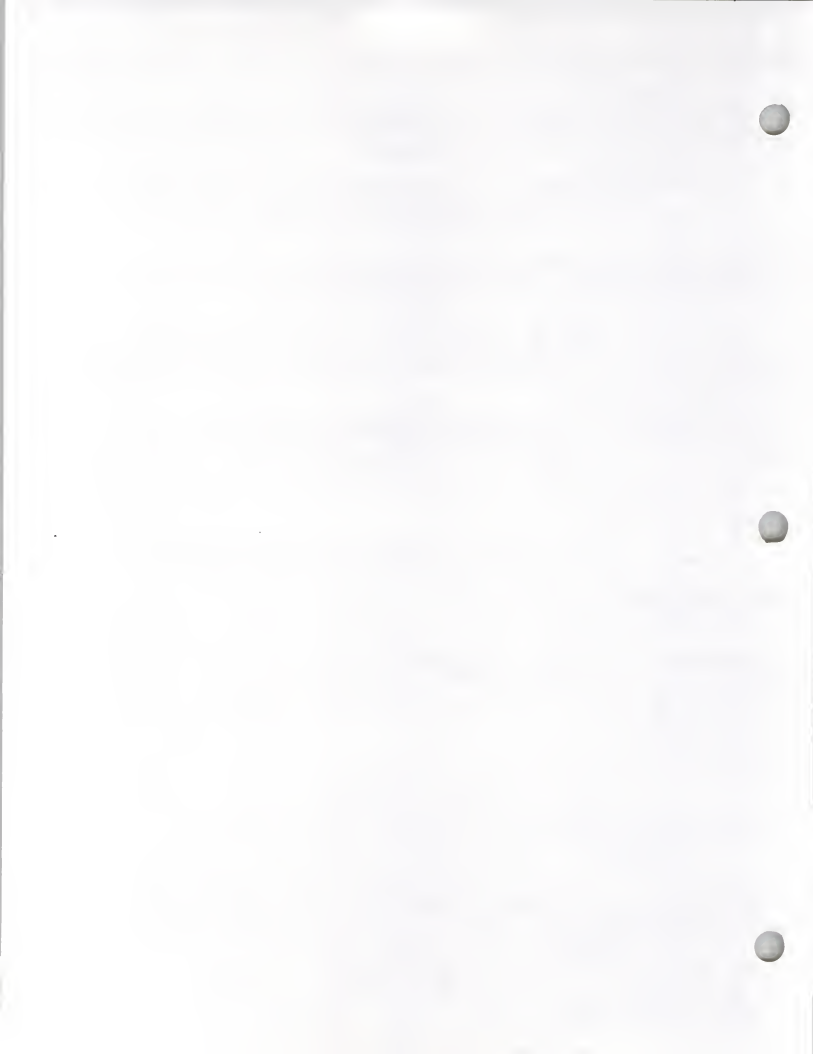
**Clients**

Infonet currently serves more than 10,000 user sites worldwide.

Clients include approximately 25% of the Fortune 500.

**Competitors**

Major competitors include BT North America (GNS), IBM (Advantis), GE Information Services and Sprint.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

September 1996

## Infoseek Corporation

**Chairman:** Steven Kirsch  
**President & CEO:** Robert Johnson  
2620 Augustine Drive, Suite 250  
Santa Clara, CA 85054  
**Phone:** (408) 567-2700  
**Fax:** (408) 986-1889  
**Internet:** <http://www.infoseek.com>

Status:	Public
Employees:	90 (7/96)
Revenue, FYE 12/31/95:	\$1,033,000
Revenue, 6 mos. ended 6/30/96:	\$5,018,000

### Key Points

- Infoseek Corporation develops and provides branded Web-based navigational services that help users access and personalize the resources of the Internet.
- In August 1996, Infoseek unveiled a beta version of Infoseek Ultra, a new search technology that provides a virtual real-time index of the Internet.
- In May 1996, Infoseek introduced Infoseek Personal, a free World Wide Web service

that allows users to create a Web page unique to their personal interests.

- In April 1996, Netscape Communications implemented a new "Net Search" display that redefined Infoseek's role as a premier provider of navigational service, along with four other providers.
- From January to April of 1996, Infoseek was the sole premier provider of navigational service for Netscape Communications.
- In December 1995, Robert Johnson joined Infoseek as President and CEO.

## Company Description

Infoseek was formed in January 1994 to develop and provide Internet and World Wide Web navigational services.

Infoseek's business relies on three core elements that comprise the company's mission: rich and relevant content, powerful and easy-to-use search technology, and customer service.

- Rich and relevant content—Infoseek strives to maintain the richest and most relevant content collections available on the Web.
- Powerful and easy-to-use search technology—Infoseek's technology provides search precision while remaining easy to use.
- Customer service—Infoseek is a service organization that provides access to information over the Internet; as a result, the company's infrastructure, both in computing and human terms, is dedicated to providing the best possible service to users.

In June 1996, Infoseek made an initial public offering of stock that generated approximately \$38.6 million for the company. Proceeds from this offering will be used for royalty payments due for technology licensing, general corporate purposes, and the expansion of Infoseek's product development and sales and marketing organizations and working capital.

## Organization and Structure

Infoseek's key executives are listed below:

### Infoseek Corporation Key Executives

Name	Title
Steven T. Kirsch	Chairman
Robert E.L. Johnson	President & CEO
James Desrosier	VP & Chief Marketing Officer
Leonard J. LeBlanc	EVP Finance & CFO
Craig Forman	VP Product Management
John Nauman	VP Engineering
Andrew E. Newton	VP General Counsel and Secretary
Karl A. Spangenberg	VP Worldwide Advertising

## Company Strategy

Infoseek's objective is to establish itself as the dominant branded media navigation and content aggregation service provider on the Internet.

The company seeks to build a high volume of traffic on its services to provide a preferred platform on which content providers and advertisers reach their target audiences.

The company's strategy contains the following key elements:

- Create brand recognition and consumer loyalty
- Create innovative solutions for advertisers
- Use leading-edge search and directory technologies
- Create and expand branded content partnerships
- Maximize audience reach through distribution relationships

- Leverage media and technical expertise

### *Product Strategy*

Infoseek intends to enhance its services to users through the addition of new features and functionality; development and licensing of technologies that can differentiate its service and scale with the growth of the Internet; distribution of its service widely through software companies, access providers, and others; and forming relationships with leading third-party content providers.

### **Financials**

Although Infoseek was formed in 1994, the company did not introduce its first products and services until 1995; as a result, 1995 was the first year Infoseek generated any revenue.

For 1995, Infoseek recorded total revenue of \$1 million and net losses of approximately \$3.3 million (\$0.13 per share).

A comparison of the results for the six months ending June 30, 1996 versus June 30, 1995 follows:

- For the six months ending June 30, 1996, revenue reached \$5.0 million, up from \$59,000 for the same period in 1995. Net losses were \$8.3 million, compared to net losses of \$321,000 for the same period a year ago.
- Research and development costs for the first six months of 1996 were approximately \$1.6 million, up from \$1.4 million for the same period in 1995. Management attributes the increase to personnel costs and equipment depreciation, and to the product development costs necessary to remain competitive.
- Sales and marketing expenses for the first half of 1996 were \$8.8 million, compared to \$321,000 for the same period in 1995. This

increase consisted primarily of compensation of sales and marketing personnel and promotional expenses, including payments to Netscape pursuant to an advertising revenue-sharing arrangement for the listing of Infoseek's product on the Netscape Web page.

### *Revenue Analysis by Product/Service*

Infoseek derives substantially all of its revenues from the sale of advertisements.

- These advertisements appear on the *Infoseek* Web page as the user enters the service, performs a search, or browses through the Directory or Toolbar.
- Advertising revenues represented 82% and 96% of the company's total revenues for fiscal 1995 and the first quarter of 1996, respectively.
- During the first half of 1996, over 120 advertisers placed advertisements on the company's service.

### **Geographic Markets**

Substantially all of Infoseek's revenues come from the U.S..

### **Employees**

As of June 30, 1996, Infoseek had 90 employees.

### **Key Products and Services**

Infoseek provides a navigation and content aggregation service targeted to individuals and offered free to users.

### *Infoseek*

*Infoseek* is a navigation tool that integrates multiple methods of obtaining information from the Internet through four principal resources: Search, Directory, iZones, and Toolbar.

- Search allows the user to effect query-based searches of the Web, USENET News, and other premium content databases or the Directory.
- Directory is a hierarchical listing of Web pages that have been selected and abstracted by Infoseek and organized by category.
- iZones are special-interest editorial features created exclusively for Infoseek by leading third-party content providers such as Billboard Online, Conde Nast Publications, The Hearst Corporation, Inc. Online, Macworld Online, and SportsLine USA.
- Toolbar is a set of buttons available on the Infoseek user interface that provide users with access to certain content providers in areas of general interest, such as news, weather, stock prices, and interactive shopping directories.

### *Infoseek Ultra*

In August 1996, Infoseek released the beta version of Infoseek Ultra, a new search technology designed to provide users with the easiest, most effective way to find information on the Internet and the Web.

Through its new spider technology, Infoseek Ultra is the first search service to provide a virtual real-time index of the Internet, allowing users to receive the most up-to-date information available on their topic.

Infoseek Ultra's new technology loads Web pages based upon how often they change, and also filters out dead and duplicate links that exist on the Internet.

A beta version of Infoseek Ultra is currently available for free trial at the *Infoseek* home page.

### *Advertising Services*

Infoseek has developed certain proprietary systems for the instantaneous placement of advertisements with targeted audiences on appropriate *Infoseek* Web pages.

Infoseek's advertising management systems are capable of real-time presentation of advertising that corresponds to a user's inquiry.

Infoseek offers advertisers four main advertising options that may be purchased individually or in packages:

- *General Rotation*—advertisements rotate on a random basis through *Infoseek* on search result pages and pages accessed through the Toolbar. General rotation offers advertisers seeking to establish brand recognition across the broad, general population the broadest reach of Internet users.
- *Topic Pages*—advertisements appear when an Infoseek user browses through Directory topic pages. Topic Pages allow advertisers to target an audience with a specific area of interest.
- *Keyword*—advertisements are displayed when an Infoseek user's search contains a particular keyword selected by the advertiser. Keyword offers the advertiser a highly targeted self-selected audience.
- *Special Placement*—advertisements are displayed on special feature pages, such as iZones and in other manners customized to the needs or requests of the advertiser.

### *Clients*

A partial list of customers includes AT&T, Discovery Channel, GTE, Hearst New Media, IBM, Intel, Marketplace MCI, Microsoft, Netscape, Nissan, NYNEX, SportsLine USA, Starwave, Swatch, and Adaptec.



## Marketing and Sales

Infoseek's market strategy is to build brand awareness for Infoseek through on-line and trade advertising, trade shows, print media, and promotions. The company also seeks to establish relationships with key marketing partners.

Infoseek was able to gain access to a large audience and build early brand awareness through its initial relationship with Netscape Communications as the sole premier navigational service on the Netscape Web page.

In April 1996, Netscape implemented a new navigational service structure with five navigational service providers available (Infoseek, Lycos, Yahoo!, Magellan, Excite).

In order to maximize its exposure, Infoseek has broadened its channels of distribution through other entities, including Microsoft Corporation, NETCOM On-Line Communication Services, Inc., NYNEX Information Technologies Co., Sprint, PointCast, Quarterdeck Corporation, and Verity.

## Alliances

Infoseek has a variety of alliances and relationships with companies, specifically Web browser vendors, to maximize the audience reach of company products and create alternate distribution channels to the company's services.

Among these relationships include the following:

- Sun Microsystems, Inc. and Infoseek have entered into a comarketing relationship under which Infoseek has agreed to use Sun equipment exclusively for use with Infoseek Ultra. In return, Infoseek receives terms on

its purchases of certain Sun equipment and the two companies promote each other's products and services.

- Quarterdeck, NETCOM, NetManage, and Freeloader all have relationships with Infoseek, in which all feature *Infoseek* as a navigational tool and engage in certain promotional activities. The actual terms of the relationships vary in the prominence given to *Infoseek* relative to other alternatives and the compensation paid by Infoseek for the traffic.
- Infoseek is currently one of five premier providers of navigational services on Netscape's Web page under the terms of an agreement with Netscape Communications Corp. from April 10, 1996 to March 31, 1997.
- NYNEX and Infoseek entered into a one-year agreement in March 1996 that makes NYNEX's interactive shopping directory, BigYellow, the exclusive comprehensive shopping directory within *Infoseek*.
- Sprint uses Infoseek's Internet navigation service as the premier search solution for Sprint Internet Passport, its new consumer Internet access service.
- PointCast and Infoseek have a technology agreement that provides PointCast network viewers with the option of accessing additional news and information from Infoseek via a PointCast/Infoseek cobranded Web page.
- Verity, Inc. and Infoseek have a distribution agreement under which Verity will provide a link to *Infoseek* on the user interface of the new Verity product called Topics Search for Exchange, which is designed for intranets.
- Kanematsu Corporation, a Japanese trading company, and Infoseek have entered into a

memorandum of understanding and a marketing alliance agreement under which the parties will establish a Japanese Internet search and retrieval service containing listings of Japanese Web sites written in Japanese and a Japanese translation of the *Infoseek* Directory.

- ACSIOM, an entity related to the University of Massachusetts, licenses information retrieval technology to Infoseek.
- Xerox licenses software technologies to Infoseek that the company intends to use for the linguistic analysis of search terms.
- HNC and Infoseek have entered into an agreement in which Infoseek will license certain technologies from HNC to automate the development of *Infoseek's* Web Directory feature.
- Additionally, Infoseek promotes the creation of hyperlinks between *Infoseek* and other Web sites. Over 3,000 sites on the Web currently contain pointers to *Infoseek*.

### Competition

A number of companies offer competitive products and services addressing Infoseek's target markets.

Primary among these are companies offering Web search services, including America Online, Inc., Digital Equipment Corp., Excite, Inc., Lycos, Inc., The McKinley Group, Open

Text Corp., CompuServe Corp., Prodigy Services Company, and Yahoo! Inc.

In addition, Infoseek competes with metasearch services that allow a user to search the databases of several catalogs and directories simultaneously.

The company also competes indirectly with database vendors that offer information search and retrieval capabilities with their core database products.

### INPUT Assessment

Infoseek's strengths include:

- Brand awareness gained from its premier navigational service provider role with Netscape
- Current position on Netscape Communications' Web page
- Alliances with other major Internet players (Quarterdeck, Microsoft, NETCOM)

Challenges in the future include:

- Creating and promoting product differences in a relatively homogeneous product market
- Developing advertising capabilities to increase revenue base and movement toward profitability
- Intense competition from vendors in a variety of industries

## COMPANY PROFILE

### INFORMATICS GENERAL CORPORATION

21031 Ventura Boulevard  
Woodland Hills, CA 91364  
(818) 887-9040

Walter F. Bauer, Chairman and President  
Public Corporation, NYSE, PSE  
Total Employees: 2,600  
Total Revenue, Fiscal Year End 12/31/84: \$191,193,000  
Total Computer Services Revenue: \$187,627,000

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### THE COMPANY

- Informatics General Corporation, formed in 1962, provides systems and applications software products, professional services, turnkey systems, and processing services.
  - Informatics' corporate strategy includes focusing on offering a full range of products and services aimed at specific vertical markets. Informatics' vertical market products and services are targeted to the legal, distribution and retail, public accounting, property management, construction, and group insurance industries.
  - The company also provides generalized products and services to Fortune 1000 corporations and federal, state, and local government.
  - Informatics is a value-added remarketer for IBM PC/XT and AT microcomputers and Wang VS and PC computers.
- In June 1985 Informatics and Sterling Software, Inc. jointly announced a merger agreement whereby Sterling would acquire all of the outstanding shares of Informatics for approximately \$126 million, or \$27 per share, in cash. Upon completion of the merger, Informatics will operate as a wholly owned subsidiary of Sterling.
- During 1984 Informatics sold or discontinued certain business operations that were not performing well and did not fit the long-term strategy of the company. Revenues from these businesses were approximately \$26 million in 1984, \$45.8 million in 1983, and \$40.8 million in 1982. Prior to their discontinuance, these operations accounted for a reduction in profits from 1983 to 1984 of \$10 million, resulting in a 1984 pretax loss from operations of approximately \$5 million.
  - In June 1984 Informatics sold its Data Services Operations Division to Mellonics Systems Development, a division of Litton Industries. Terms of the sale were not disclosed.

## INFORMATICS GENERAL CORPORATION

- The division provided general remote computing processing services to commercial and government clients.
- Data Services employed approximately 150 people, operated a data center in Fairfield (NJ), and regional marketing offices in San Francisco, New York, Chicago, and Washington, D.C.
- In November 1984 Informatics sold its Commercial Online Systems Division (COSD) to Commercial Online Systems Inc., a new company formed by the division's former management team. Terms of the sale were not disclosed.
  - The division, whose operations had been discontinued by Informatics during the second quarter of 1984, provided interactive accounting and order processing services for the apparel industry and on-line data base services for the New York City taxi industry.
  - COSD employed approximately 60 people and had a data center in New York City.
- In December 1984 Informatics sold its individual life insurance systems business to The Continuum Company. Terms of the sale were not disclosed.
  - The sale included the LIFE-COMM software product line and associated processing services provided to life insurance companies.
  - These operations generated approximately \$25 million for the preceding 12 months, and contributed significantly to the reduction in profits from 1983 to 1984.
  - This business employed approximately 325 people at the time of the acquisition.
- In the first quarter of 1984 Informatics discontinued its manufacturing requirements planning software and services business, including the Production IV software system. This business employed approximately 10 persons.
- 1984 revenue from continuing operations was \$191.2 million, a 26% increase over \$152.1 million in 1983. Net income declined 45% from \$8.5 million in 1983 to \$4.7 million in 1984. In the five-year summary that follows financials have been restated to reflect continuing operations only:

## INFORMATICS GENERAL CORPORATION

INFORMATICS GENERAL CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	1984	1983	1982	1981	1980
Revenue, continuing operations	\$ 191,193	\$ 152,089	\$ 129,330	\$ 115,982	\$ 100,705
• Percent increase from previous year	26%	18%	12%	15%	N/A
Income from continuing operations before taxes	\$ 10,829	\$ 11,162	\$ 5,193	\$ 4,394	\$ 3,773
• Percent increase (decrease) from previous year	(3%)	115%	18%	16%	N/A
Income from continuing operations	\$ 6,295	\$ 5,715	\$ 2,384	\$ 2,232	\$ 2,029
• Percent increase from previous year	10%	140%	7%	10%	N/A
Income (loss) from discontinued operations	(a) \$ (1,616)	\$ 2,831	\$ 3,061	\$ 2,888	\$ 3,303
Net income	\$ 4,679	\$ 8,546	\$ 5,445	\$ 5,120	\$ 5,332
• Percent increase (decrease) from previous year	(45%)	57%	6%	(4%)	19%
Earnings per share from continuing operations	\$ 1.12	\$ 1.10	\$ 0.61	\$ 0.59	\$ 0.55
Net earnings per share	\$ 0.82	\$ 1.67	\$ 1.49	\$ 1.47	\$ 1.58
• Percent increase (decrease) from previous year	(51%)	12%	1%	(7%)	17%

(a) Includes losses from discontinued operations of \$2,670,000 (after an income tax credit of \$2,569,000) less net gains of \$1,054,000 on the discontinuance.

- During 1984 Informatics reorganized into two major business segments as follows:
  - Informatics Applications provides products and services to specific industry markets through the following business units:

## INFORMATICS GENERAL CORPORATION

- Legal Information Systems and Services, headquartered in Rockville (MD), provides turnkey systems, applications software products, and litigation support processing services to large law firms.
- Business Management Systems, headquartered in Atlanta, provides applications software and turnkey systems to public accounting firms, property managers, contractors and developers in construction, and small law firms. The Group Insurance and Investment Systems Division provides software for group policy administration and investment portfolio management to insurance companies.
- Distribution and Retail Systems, headquartered in Columbus (OH), provides remote computing and distributed processing services and turnkey systems to the wholesale and retail distribution industry.
- Informatics Systems provides systems software products and professional services to large corporations and to federal, state, and local government through the following business units:
  - Corporate Systems-Products, headquartered in Canoga Park (CA), provides systems software products including application development tools and micro-to-mainframe links. The Publishing Services Division offers electronic photocomposition software products, turnkey systems, and processing services.
  - Corporate Systems-Services, headquartered in New York City, provides professional services for a wide range of business applications to commercial customers.
  - Federal Systems, headquartered in Palo Alto (CA) and Rockville (MD), provides professional services to federal, state, and local governments. Government agencies, libraries, and commercial businesses are offered software and processing services.
- In the three-year summary that follows, 1983 and 1982 financials have been reclassified to reflect the restructuring of Informatics into its two business segments.

## INFORMATICS GENERAL CORPORATION

INFORMATICS  
THREE-YEAR FINANCIAL SUMMARY BY BUSINESS SEGMENT  
(\$ thousands)

ITEM \ FISCAL YEAR	1984	1983	1982
Informatics Applications			
• Revenue			
- Legal Information Systems and Services	\$ 45,732	\$ 26,156	\$ 16,965
- Business Management Systems	24,438	16,171	11,988
- Distribution and Retail Systems	<u>18,118</u>	<u>12,870</u>	<u>10,886</u>
	\$ 88,288	\$ 55,197	\$ 39,839
• Operating Profit*	\$ 9,675	\$ 5,239	\$ 3,244
Informatics Systems			
• Revenue			
- Corporate Systems-Products	\$ 29,876	\$ 33,570	\$ 33,058
- Corporate Systems-Services	28,390	19,922	20,347
- Federal Systems	<u>42,783</u>	<u>43,420</u>	<u>39,788</u>
	\$ 101,049	\$ 96,912	\$ 93,193
• Operating Profit*	\$ 4,741	\$ 9,448	\$ 8,891
Investment revenue	\$ 3,566	\$ 3,183	\$ 111
Intersegment revenue elimination	\$ (1,710)	\$ (3,203)	\$ (3,813)

\*Operating Profit: before general corporate expenses.

- Informatics Applications revenue increased 60% during 1984, with operating profits increasing 85% over 1983.
- The Legal Information Systems and Services line of business is the company's largest and in 1984 was the fastest growing business in the Informatics Applications segment. Operating profit for this line of business almost doubled in 1984. Revenue increases were due to market demand and increased marketing efforts. Turnkey systems have grown to represent over 50% of the low line of business and accounted for approximately 65% of the hardware sold by Informatics. Turnkey systems sales are



expected to contribute significantly to the continued growth of this line of business during 1985.

- The Business Management Systems business grew by over 50% during 1984 primarily on the strength of the public accounting software product line which reported increased new customer business as well as follow-on business to existing customers. Sales of the property management software product line first offered in 1983 also increased. Sales to public accounting firms comprised approximately 80% of Business Management Systems' 1984 revenue. Operating profits grew by 30% during 1984 but were slowed due to initial startup costs for establishing a dealer network and by the investment in the construction and group insurance and investment product lines. The group insurance product line doubled its customer base in 1984.
- The Distribution and Retail Systems line of business grew over 40% in 1984. Strong increases in turnkey system sales and ORDERNET electronic data interchange services provided to large pharmaceutical and hardware companies offset declines in the company's traditional distribution industry information processing services business. Operating profits increased approximately 60%.
- Informatics Systems revenue increased 4% during 1984, with operating profit dropping 50% from 1983.
- Corporate Systems-Products reported an 11% revenue decline and dropped in profitability by more than \$5 million, despite cost reductions, to end the year with a substantial loss. Sales of the MARK applications development tool product line declined and sales of the company's new line of micro-to-mainframe products did not develop as quickly as anticipated.
- Corporate Systems-Services revenues grew by over 40% and operating profits nearly doubled during 1984. These results reflect increased work performed under several contracts involving systems development and programming services. Certain of these higher profit margin contracts will be complete in early 1985.
- Federal Systems' 1984 revenue declined slightly from 1983 and profit fell 45%. Revenue growth in military intelligence professional services was offset primarily by declines in TAPS application development system revenue. Profit margin declines were attributed to reduced TAPS business and the completion in 1983 of two high profit margin data center facilities management contracts.



## INFORMATICS GENERAL CORPORATION

- Research and development expenditures were \$4.6 million in 1984, \$3.7 million in 1983, and \$3.1 million in 1982.
- During the past two years Informatics has reported eight acquisitions, as follows:
  - In March 1985 Informatics acquired Software Services Inc. (SSI) of Ridgewood (NJ). Terms of the acquisition were not disclosed.
    - SSI specializes in fourth generation language consulting, programming, and education services.
    - SSI had approximately 50 employees at the time of the acquisition. It now operates as a wholly owned subsidiary within Corporate Systems-Products.
  - In December 1984 Informatics acquired the litigation support services business of Litton's Mellonics Systems Development Division of Sunnyvale (CA). Terms of the acquisition were not disclosed.
    - Under the agreement Informatics has assumed responsibility for litigation support services contracts and projects performed and managed by Mellonics.
  - In December 1984 Informatics acquired Software Technology, Inc. (STI) of Portland (OR). Terms of the acquisition were not disclosed.
    - STI develops and markets applications software for small law firms and had three employees at the time of the acquisition.
    - STI's operations have been merged into Informatics' Business Management Systems.
  - In June 1984 Informatics acquired Universal Computing Systems, Inc. of Winter Springs (FL). Terms of the acquisition were not disclosed.
    - Universal Computing developed and marketed minicomputer and microcomputer applications software for the construction industry and had 27 employees at the time of the acquisition.
    - Universal Computing's operations have been merged with Informatics' Business Management Systems unit.
  - In November 1983 Informatics acquired Automated Health Services, Inc. (AHS) of Chicago. Terms of the acquisition were not disclosed.
    - AHS marketed software for group insurance applications.
    - AHS operations have been merged into Informatics' Group Insurance and Investment Systems Division.

## INFORMATICS GENERAL CORPORATION

- In August 1983 Informatics acquired Creative Data Systems, Inc. of Cleveland. Terms of the acquisition were not disclosed.
  - Creative Data provides applications software for the retail and distribution industry and had approximately 27 employees at the time of the acquisition.
  - Creative Data's operations have been merged into Informatics' Distribution and Retail Systems unit.
- In August 1983 Informatics acquired Sigma Software, Inc. Sigma provided microcomputer software for life insurance agents and sales offices. These products were subsequently sold to The Continuum Company in late 1984 with Informatics' other individual life insurance products and services.
- In January 1983 Informatics signed an agreement with Johnstown Properties to acquire Little Buddy, an apartment management software product for IBM microcomputers. Terms of the acquisition were not disclosed. Four Johnstown employees joined Informatics as a result of the agreement. Little Buddy is now marketed by the Business Management Systems unit as On-Site<sup>TM</sup>.
- Revenue for the three months ending March 31, 1985 was \$49.9 million, a 22% increase over \$41 million for the same period in 1984. Net income for the quarter was \$68,000 compared to \$672,000 a year ago.
- As of December 31, 1984, Informatics had approximately 2,600 employees, segmented as follows:

Marketing/sales	335
Development, computer operations and technical	1,940
Corporate and administration	<u>325</u>
	2,600

- Informatics currently has approximately 2,545 employees.
- Major competitors to Informatics by business area include the following:
  - Legal Information Systems and Services: Control Data, Aspen, CACI, and Atlis Systems, Inc.
  - Business Management Systems: Advanced Micro Systems, Digital Systems Inc., Data Law, Endata, Executive Technology Data Systems, and Timberline.
  - Distribution and Retail Systems: McDonnell Douglas (TYMNET), GEISCO, Triad Systems, Xerox Data Services, and Island Pacific.

## INFORMATICS GENERAL CORPORATION

- Corporate Systems-Products: Cullinet, Pansophic, and Oxford Software.
- Corporate Systems-Services: Computer Sciences, Arthur Anderson, and Computer Task Group.
- Federal Systems: Computer Sciences, Planning Research Corporation, Martin-Marietta, and Dialog (Lockheed).

### KEY PRODUCTS AND SERVICES

- A two-year summary of source of computer services revenue from continuing operations follows:

	<u>1984</u>	<u>1983</u>
Processing services	29%	30%
Software products	28	37
Professional services	30	24
Turnkey systems	<u>13</u>	<u>9</u>
	100%	100%

- A summary of Informatics' processing service and software product offerings are shown in Exhibits A, B, and C.
- Legal Information Systems and Services contributed approximately \$45.7 million, or 24%, of Informatics' 1984 revenue, compared to \$26.2 million, or 17%, of 1983 revenue. This unit currently provides turnkey systems, processing, and professional services for law office management to approximately 220 law firms and corporate legal departments.
  - There are currently over 220 Wang VS-based turnkey systems for law office management installed. Applications available on the system include the following:
    - The Legal Time Management System (LTMS) is an on-line interactive system supporting file maintenance, billing memos, accounts receivable, management information and reporting, time and disbursements, bill generation, and work-in-progress status reporting.
    - The General Ledger System may be used with cash, modified cash, or accrual accounting methods. Entries are automatically posted to the General Ledger from LTMS and Accounts Payable.
    - The Docket System is a computerized calendar that keeps track of an attorney's appointments, conferences, and other scheduled events.

## EXHIBIT A

## INFORMATICS NETWORK OFFERINGS

## COLUMBUS (OH) DATA CENTER

- OPERATING ENVIRONMENT
  - AMDAHL V/6, MVT/ASP
  - IBM 370/168, SVS/HASP
  - IBM 370/168, MVS/JES2/TSO
- DISTRIBUTION IV
  - MARKETING MANAGEMENT
    - . ORDER PROCESSING
    - . CUSTOMER INVOICING
    - . RESERVED ORDERS
    - . WHOLESALE PRICING AND DISCOUNTING
    - . RETAIL PRICING
    - . SALES ANALYSIS
    - . CUSTOMER PROFITABILITY ANALYSIS
    - . COMPUTER OUTPUT MICROFICHE
  - INVENTORY MANAGEMENT
    - . MERCHANDISE MANAGEMENT REPORTING
    - . VELOCITY CODING
    - . SCIENTIFIC BUYING
    - . PURCHASE ORDER WRITING
    - . INVENTORY CONTROL
    - . MANAGEMENT REPORTING
  - FINANCIAL MANAGEMENT
    - . ACCOUNTS RECEIVABLE
    - . ACCOUNTS PAYABLE
    - . PURCHASES RECONCILIATION
    - . GENERAL PAYROLL
    - . GENERAL ACCOUNTING
    - . FINANCIAL REPORT GENERATOR
  - RETAIL/CUSTOMER SERVICES
    - . TOTAL RETAIL SYSTEM
    - . SELECTIVE ITEM ANALYSIS
    - . RETAIL PHYSICAL INVENTORY
    - . CONSUMER RECEIVABLES
- DISTRIBUTED DATA PROCESSING SYSTEM
  - ORDER PROCESSING
    - . PRICING AND INVOICING
    - . DIRECT ORDER ENTRY
  - PRODUCTIVITY IMPROVEMENT
    - . DICTIONARY LOOK-UP
    - . ORDER SCHEDULING
    - . ON-LINE RECEIVING
    - . PRICE UPDATING ASSISTANCE
    - . CASH APPLICATION ASSISTANCE
- ORDERNET
- LITIGATION SUPPORT
  - LITIGATION MANAGEMENT SYSTEM
  - RECON IV
  - DOCUMENT PROCESSING
  - MICROGRAPHICS

## RIVERDALE (MD) DATA CENTER

- OPERATING ENVIRONMENT
  - NAS AS/5000, MVS
  - AMDAHL 470/V6, MVS
- PHOTOCOMPOSITION
  - CSIV
- LIBRARY MANAGEMENT
  - NET-SEARCH

INFORMATICS GENERAL CORPORATION

EXHIBIT B

INFORMATICS

APPLICATIONS SOFTWARE/TURNKEY PRODUCTS\*

PRODUCTS	DESCRIPTION
LAW OFFICE MANAGEMENT SYSTEM*	LAW OFFICE ACCOUNTING AND INFORMATION MANAGEMENT SYSTEM
BASIS*	LAW OFFICE MANAGEMENT AND LITIGATION SUPPORT SYSTEM
ACCOUNTING PRO SERIES*	PUBLIC ACCOUNTING FIRM MANAGEMENT
PROPERTY PRO	PROPERTY MANAGEMENT SYSTEM
ON-SITE*	ON-SITE APARTMENT MANAGEMENT SYSTEM
THE POWER TOOLS	CONSTRUCTION MANAGEMENT SYSTEM
LEGAL-PRO SERIES	SMALL LAW OFFICE ACCOUNTING SYSTEMS
GROUP-COMM	ADMINISTRATION SYSTEM FOR GROUP HEALTH AND LIFE INSURANCE
THE CASE WRITER	GROUP INSURANCE PROPOSAL GENERATOR
THE EXAMINER	INSURANCE CLAIMS PROCESSING SYSTEM
THE CLAIM RECEIVER	INSURANCE CLAIMS INTERFACE SYSTEM
CIMS: SECURITIES	SECURITIES MANAGEMENT AND PORTFOLIO ANALYSIS SYSTEM
CIMS: MORTGAGES	MORTGAGE LOAN MANAGEMENT SYSTEM
CIMS: STOCK AND BOND	RECORDKEEPING SYSTEM FOR MULTIPLE INVESTMENT PORTFOLIOS
DDPS*	DISTRIBUTION MANAGEMENT DISTRIBUTED DATA PROCESSING SYSTEM
SYSTEMS FOR DISTRIBUTION*	WHOLESALE/DISTRIBUTOR MANAGEMENT SYSTEM
SYSTEMS FOR RETAILING*	RETAIL MANAGEMENT SYSTEM
HARDGOODS INFORMATION SYSTEM	MERCHANDISING MANAGEMENT AND ACCOUNTING SYSTEM
CS IV	PHOTOCOMPOSITION SYSTEM
CS V	PHOTOCOMPOSITION SYSTEM
INFOPAGE*	PHOTOCOMPOSITION SYSTEM

## INFORMATICS GENERAL CORPORATION

## EXHIBIT C

INFORMATICS  
SYSTEMS SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	PRICING
MARK IV®	APPLICATION DEVELOPMENT TOOL	\$78,000 DOS \$98,000 OS
MARK-ISPF	APPLICATION DEVELOPMENT TOOL	NEW PRODUCT
MARK V®	APPLICATION DEVELOPMENT TOOL	\$36,000 DOS/CICS \$45,000 OS/CICS \$100,000 OS IMS/DC
MARK IV®/AUDITOR	AUDITING SYSTEM USED IN CONJUNCTION WITH MARK IV	N/A
SHRINK®	DATA COMPRESSION PROGRAM	\$27,000 AND UP
SMART/dasd™.	PERFORMANCE OPTIMIZATION PRODUCT	\$10,000
ANSWER/DB - PERSONAL REPORTER™.	PERSONAL REPORT GENERATOR	\$30,000 AND UP
ANSWER/DB - INQUIRY™.	AD HOC INQUIRY TOOL	\$15,000 AND UP
ANSWER/DB - EXTRACTOR	MICRO/ANSWER MAINFRAME COMPONENT	\$10,000 AND UP
LOTUS/ANSWER	MICRO-MAINFRAME LINK	UP TO \$550
dBASE/ANSWER	MICRO-MAINFRAME LINK	UP TO \$550
MICRO/ANSWER TOOLKIT	OEM MICRO-MAINFRAME LINK GENERATOR	N/A
MICRO/ANSWER CORNERSTONE	MICRO-MAINFRAME LINK	UP TO \$550
MICRO/ANSWER REFLEX	MICRO-MAINFRAME LINK	UP TO \$550
PC/NET-LINK	DATA BASE INQUIRY TOOL	\$550 PLUS \$100 FOR TELIOS

## INFORMATICS GENERAL CORPORATION

- The Accounts Payable System features batch and on-line check writing; invoice posting; automatic general ledger distribution; open item aging; check reconciliation reporting; vendor analysis; cash forecasting; and management reporting.
- The Adverse Party System provides for on-line search capabilities that check possible client names for conflicts of interest.
- TEXTRACT is a document indexing and retrieval system used to automate the management and cataloging of attorney work product, law libraries, wills and trusts, and litigation documents.
- The Management Report Facility permits the extraction of user defined data from existing LTMS files into new summarized files that can be accessed using Wang file management utilities.
- The Word Processing Enhancements package expands Wang's VS word processing capabilities with functions specifically provided to meet law office requirements.
- In May 1985 Informatics announced it had signed an agreement with Computron Technologies Corporation to market Computron's CAS II and CAS IV financial management systems on Wang VS minicomputers in the legal market.
  - The general ledger software supports all phases of law firm accounting, financial management, and reporting and supports downloading to Lotus 1-2-3 and Multi Plan on the Wang PC or IBM PC.
  - Informatics will offer three versions of the system for use in small, medium, and large law firms, and will integrate them with the Legal Time Management System.
  - Availability is scheduled for the summer of 1985 with software prices ranging from \$7,400 to \$20,000.
- BASIS<sup>TM</sup> is an information management and retrieval system for use in law offices.
  - Informatics has exclusive license from Battelle's Software Products to market BASIS to the legal market as a turnkey system on the Wang VS minicomputer.
  - BASIS integrates text and data processing capabilities permitting a law firm to create and manage data bases in-house for litigation support, attorney work product, internal legal research, case management, personnel records, law library management, and conflict of interest.

## INFORMATICS GENERAL CORPORATION

- There are currently over 100 BASIS systems installed. The software is priced at \$70,000 per copy.
- Informatics provides legal data base services for litigation support by creating, maintaining, and searching data bases of discovery material in support of complex litigation cases through its RECON IV<sup>TM</sup> proprietary search and retrieval system. The company has experience in over 200 major cases and believes it has a one-third share of this market. These services are provided through Informatics' Riverdale (MD) data center.
- Informatics also provides clients customization and consulting professional services relating to law office automation.
- Business Management Systems contributed approximately \$24.4 million, or 13%, of 1984 total revenue, compared to \$16.2 million, or 11% of 1983 revenue. This unit provides applications software products and turnkey systems for public accounting, property management, construction, law firms, group insurance, and investment businesses.
- The Informatics Accounting Pro Series<sup>®</sup> is a family of software products providing client service and practice management for public accounting firms.
  - In 1984 the public accounting client base grew by 25% and follow-on sales to current customers increased by 400% over 1983. Accounting Pro Series products are currently used by more than 6,000 customers.
  - The software runs on IBM PC/XT, AT, and System 36 computers.
  - Modules include: Financial Reporting, Subsidiary Ledger, Practice Management, Accounts Receivable, Loan Amortization, Due Date Monitoring, Sales Analysis, Accounts Payable, Payroll Checkwriting, Depreciation, Tax 1040<sup>TM</sup>, Tax Preparation, Quick-Look Tax Planner<sup>®</sup>, Security System, Staff Scheduling, and Random Number Generator.
  - The Accounting Pro Series for microcomputers is sold through independent dealers and retailers and through direct sales.
- The Informatics Property Pro<sup>®</sup> Series is an integrated set of software products for property managers of shopping centers, office buildings, and large industrial and residential projects.
  - The software is currently available for the IBM System 36. Over 87 systems have been installed on various IBM minicomputers.
  - Informatics Property Pro automates a property manager's daily routine by: tracking leases, calculating tenant charges, automatically issuing statements, and preparing customized reports.



## INFORMATICS GENERAL CORPORATION

- The basic system is priced at \$26,000 and includes: Tenant Management, Accounts Payable, Financial Reporting/General Ledger, and Security System.
- On-Site<sup>T.M.</sup>, acquired from Johnstown Properties in 1983, is a software product designed for on-site apartment managers.
  - On-Site runs on the IBM PC/XT and AT.
  - The software is priced at \$2,750. Turnkey systems are also available. Over 268 systems are currently installed.
  - System features include: monitoring pending lease renewals; accounting and bookkeeping; daily activity recaps; unit occupancy and availability data management; printed delinquency lists and late notices; marketing analyses; printed leases, eviction notices, and statements of deposits; budget forecasting; and unit utility management.
- The Management Controller<sup>T.M.</sup> is designed for use by the main rental office of apartment complexes and offers features similar to those included with On-Site.
  - The software runs on the IBM PC/XT and AT and is priced at \$2,250.
  - The system is also available as a turnkey product.
  - There are currently 28 installations.
- The Power Tools<sup>T.M.</sup>, introduced in 1984, are an integrated series of software products that provide construction management for contractors and developers.
  - The software runs on the IBM PC/AT and System 36, and NCR Tower.
  - Modules range in price from \$2,500 to \$3,500 and include: Accounts Payable, Accounts Receivable, Payroll, Inventory Control, General Ledger, Job Cost, Rental Management, Fixed Assets, Equipment Control, Estimating, and CPM Scheduling.
  - There are currently over 200 Power Tools customers.
- In January 1985 Informatics introduced the Informatics Legal-Pro Series<sup>T.M.</sup>, a line of microcomputer software accounting packages designed for law firms with up to 15 attorneys.
  - The software runs on most MS-DOS-compatible microcomputers including the IBM PC/XT and PC/AT, and Wang PC.

## INFORMATICS GENERAL CORPORATION

- The Legal-Pro Series provides time keeping, billing, trust accounting, payables, and general ledger. Features include: monitoring of accounting activity by client, attorney, case, and vendor; detailed reporting; automatic bill printing; posting of reminder notices on past due accounts; and firm productivity analyses.
- The basic Informatics Legal-Pro Series package is priced at \$3,250 and includes billing and accounts receivable applications. Accounts payable and general ledger modules are sold separately for \$1,250 each.
- The software is marketed through independent dealers and retailers, and through direct sales.
- GROUP-COMM<sup>®</sup> is an on-line comprehensive administration system for group health and life insurance.
  - The software runs on IBM mainframes and licenses for \$225,000.
  - GROUP-COMM automates and consolidates daily operation functions such as new business entry and inquiry, contract administration and maintenance, billing and collection of premiums, accounting, commission calculations, claims verification, and reinsurance.
  - There are currently 20 GROUP-COMM systems installed.
- The Case Writer<sup>T.M.</sup>, introduced in 1984, is an IBM mainframe software tool for generating group insurance proposals and can interface with GROUP-COMM and The Examiner<sup>T.M.</sup>. The Case Writer perpetual license ranges from \$75,000 to \$90,000. There are currently five systems installed.
- The Examiner is an IBM mainframe claims processing system that handles insurance coverages for medical, dental, vision, pharmacy, life, and disability. The software can operate as a standalone system or can run with GROUP-COMM. It is licensed at \$225,000 and there are currently 34 installations.
- Informatics also offers three IBM mainframe software products to the investment departments of insurance companies for the administration of stock and bond and mortgage loan investments. The products are marketed under the name CIMS (Corporate Investment Management System) and include the following:
  - CIMS:Securities<sup>T.M.</sup> is a securities management and portfolio analysis tool targeted to large group life insurance companies. It is licensed at \$125,000 and there are currently 49 systems installed.

- CIMS:Mortgages<sup>T.M.</sup> is designed to control all transactions for farm, residential, and commercial loans. The batch product licenses for \$25,000 to \$52,500, depending on the number of mortgage loans in the client's investment portfolio. There are currently 40 systems installed.
  - CIMS:Stock and Bond<sup>T.M.</sup> is a recording and recordkeeping system for multiple investment portfolios. The batch product licenses for \$24,500 and there are currently 17 systems installed.
  - The Claim Receiver<sup>®</sup>, a claims interface system for IBM mainframes, is no longer actively marketed.
- Distribution and Retail Systems contributed approximately \$18.1 million, or 9%, of total 1984 revenue, compared to \$12.9 million, or 8% of revenue, in 1983. This unit provides processing services and turnkey systems to the wholesale distribution and retail industries.
  - Informatics provides its DISTRIBUTION IV<sup>®</sup> remote computing services to the wholesale distribution industry from a data center in Columbus (OH).
    - Services are currently provided to over 80 customers throughout the U.S. and Canada. Clients are primarily in the drug, hardware, and supply distribution markets.
    - DISTRIBUTION IV is an integrated information system comprised of Marketing, Inventory, Financial, and Retail/Customer Service Management Systems. Applications available on the system are shown in Exhibit A.
    - Informatics provides consulting professional services to assist clients in the analysis of distribution operations and the development of customized reports. Educational programs for DISTRIBUTION IV users are available through the Informatics Distribution Management Institute located in Columbus (OH). Regional and on-site programs are also available.
  - The Distributed Data Processing System (DDPS) is a Honeywell Level 6 minicomputer-based system that provides on-site interactive and batch capabilities and interfaces with Informatics central DISTRIBUTION IV systems. DDPS applications are shown in Exhibit A. There are currently over 20 installations of the system. DDPS prices start at \$40,000, excluding hardware.
  - In 1984 Informatics was awarded a \$1 million five-year contract from the U.S. Army Troop Support Agency in Fort Lee (VA) to supply a modified DDPS system to control the ordering and movement of commissary supplies at 63 Army facilities in Europe.

- ORDERNET<sup>®</sup> is a computer-to-computer electronic mail service that uses a centralized clearinghouse system to provide electronic transmission of purchase orders and other trade-related documents between distributors and manufacturers.
  - The service is designed to reduce order lead times, ordering and shipping errors, and inventory investment. It is targeted to trade associations representing hardware, pharmaceutical, grocery, automotive, surgical, health and beauty aids, and general merchandise distributors and manufacturers.
  - Information transmitted through ORDERNET includes purchase orders, price changes, chargeback reconciliation, rebates, new item announcements, promotions, and deals.
  - ORDERNET<sup>®</sup> supports UCS, EAGLE, DOE, COMM-NET, and ANSI X.12 protocols.
  - Since ORDERNET was introduced in 1978, 14 trade associations have endorsed the product. This system transmits the orders for 80% of the pharmaceuticals sold in the U.S.
  - There are currently more than 500 ORDERNET customers.
- Turnkey systems available through Distribution and Retail Systems include the following:
  - Systems for Distribution (SFD) is a Wang VS-based system for wholesalers and distributors that provides customer order processing, sales order entry, invoicing, inventory control, sales analysis, purchase order management, and financial reporting. The bundled system starts at \$45,000. There are currently over 120 installations of SFD.
  - Systems for Retailing (SFR) is a Wang VS-based system, with applications similar to those offered by SFD, that addresses the requirements of retail chains. The complete system is priced at \$120,000. There are currently 35 installations of SFR.
  - The Hardgoods Information System<sup>T.M.</sup>, introduced in 1984, is a microcomputer-based merchandising management and accounting system for hardware and hardline retailers.
    - This system is licensed by Informatics from Retail Systems Company, Inc. and is targeted to firms with annual revenues of \$250,000 to \$20 million.
    - The software runs on IBM and Wang microcomputers. System prices start at \$22,000. There are currently six systems installed.

## INFORMATICS GENERAL CORPORATION

- In September 1984 Informatics entered into a joint venture agreement with Axelrod N.V. to form International Health Information Applications (IHIA).
  - IHIA will offer electronic access to healthcare information for a variety of users, including physicians, hospitals, insurance providers, and the financial community.
  - Information will be available on product purchases and users in specific medical treatment situations. Initial efforts will focus on acute, short-term hospital admissions, the associated therapeutic and diagnostic use of pharmaceuticals, and medical procedures. Services will include collection and reporting of secondary research data, as well as consultation and special studies.
- Corporate Systems-Products contributed approximately \$29.9 million, or 16%, of 1984 total revenue, compared to \$33.6 million, or 22%, of revenue in 1983. This unit provides systems software products and electronic photo-composition software products, processing and turnkey systems.
  - Systems software products are shown in Exhibit C.
  - The MARK product line of application development tools for IBM mainframes has nearly 3,000 installations worldwide.
    - MARK IV<sup>®</sup> increases programmer productivity by automatically performing certain common program functions and reduces the level of expertise required to develop certain complex program functions. This product is used to develop batch applications.
    - MARK-ISPF, introduced in 1985, permits MARK IV programs to be developed, tested, and maintained in the ISPF programming environment under TSO and CMS.
    - MARK V<sup>®</sup> is a development tool for on-line applications and performs many functions that are similar to those performed by MARK IV.
  - Computer resource management products available from Informatics include: SHRINK<sup>®</sup>, a data compression program used to compress files and create an encryption system for the storage of data on discs and SMART/dasd<sup>T.M.</sup>, a performance optimization product for direct access storage devices used to identify and eliminate data set contention.
  - The Answer<sup>T.M.</sup> product line of end-user inquiry, report writing, and data extraction systems include the following:

- Answer/DB<sup>®</sup> products for IBM mainframes include Answer/DB-Personal Reporter, a personal report generator, and Answer/DB-Inquiry, a tool for ad hoc inquiry.
- Lotus/Answer and dBASE/Answer micro-to-mainframe links allow IBM microcomputer users to extract data from an IBM mainframe using Answer/DB products and transfer the data to the IBM PC for use with applications such as Lotus' 1-2-3 and Symphony, and Ashton-Tate's dBASE II, dBASE III, FRAMEWORK, and Friday!
- Micro/Answer Toolkit, announced in early 1985, is a micro-computer-based OEM software package that other software developers can add to their own products to accomplish micro-to-mainframe links. Micro/Answer for Cornerstone (Infocom's data base system), announced in April 1985, will be jointly marketed by Informatics and Infocom. Micro/Answer for Reflex, a micro-mainframe link, was also introduced in 1985.
- Informatics photocomposition services and products, currently provided to over 51 clients, include;
  - CS IV<sup>®</sup>, an IBM mainframe-based product available as a remote computing service through the Riverdale (MD) data center or as a software product. CS IV licenses for \$60,000.
  - CS V<sup>®</sup> is a Wang VS version of CS IV and is priced at \$60,000.
  - InfoPage is a Wang VS-based turnkey product designed for publishers who typeset 10,000 or more pages per year. The system, with four workstations, is priced at \$121,000.
- Corporate Systems-Services contributed \$28.4 million, or 15% of revenue, in 1984 compared to \$19.9 million, or 8% of revenue, in 1983. This unit provides programming support and consulting services to large corporations worldwide.
  - Programming support is provided for a wide range of business applications to commercial customers and supports clients in applications development, data base management, systems conversion, communications systems design and implementation, and hardware and software selection.
  - It is the policy of Informatics not to accept firm fixed-price contracts for these professional services but rather to price its services on a time-and-materials basis.
  - Clients include nearly 80 of the world's largest corporations, including Chrysler, IBM, DuPont, Esso, Bank of America, and Monsanto.

## INFORMATICS GENERAL CORPORATION

- This unit operates from headquarters in New York, London, Paris, and Ireland.
- Federal Systems contributed \$42.8 million, or 22% of revenue in 1984, compared to \$43.4 million, or nearly 29% of revenue, in 1983. This unit provides federal, state, and local governments with programming support services similar to those provided by Corporate Systems-Services to commercial customers. Software, information, and library management services are also provided.
- In the government area Informatics provides project management, system development, and software engineering for large software development projects.
  - Informatics has done significant work for NASA/Ames Research Laboratories where it currently has nearly 300 people working under contract.
  - In 1984 Informatics won a new contract with NASA/Ames valued at \$2.7 million to develop a system to test the structural integrity of supersonic aircraft using a network of super mini-computers.
  - Work for the Department of Defense includes major contracts for intelligence data handling systems in the Air Force and the Army. The Communications Support Processor (CSP), an element of the military intelligence communications systems, is designed and supported by Informatics. Informatics has installed CSP in over 24 Department of Defense sites.
- Informatics provides government agencies, libraries, and commercial businesses with software, information, and library management processing services to allow for the collection and dissemination of large volumes of information and management of extensive data bases.
  - NET-SEARCH<sup>TM</sup> is a private file or on-line catalog service for libraries available through Informatics' Rockville data center.
    - Client data bases can be entered into NET-SEARCH from magnetic tape, uploaded from a floppy disk, or input on-line from a standard terminal. Data entry services are also available.
    - Conversion services include searches of OCLC, RLIN, or MARC data bases or the Nation Union Catalog to complete the client's records.
    - Output services include producing COM catalogs, and KWIC and KWOC printed indexes.



## INFORMATICS GENERAL CORPORATION

- PC/NET-LINK<sup>™</sup> is a microcomputer software product that permits on-line data base searching. PC/NET-LINK provides a subject catalog of data bases from all retrieval services and automatically logs the user onto any service for which he has a password. The software runs on IBM and compatible microcomputers and licenses for \$550 plus \$100 for the TELIOS communications link. There are currently 20 installations.
- Other library services include data base analysis and design, cataloging, acquisitions management, and serials control.
- In September 1984 Informatics was awarded a \$1 million, five-year contract from the U.S. Fish and Wildlife Reference Service (FWRS) to collect state fish and wildlife research reports and build them into the FWRS data base.
- In May 1984 Informatics was awarded a \$200,000 per year contract from The National Library of Medicine to keyboard inter-library loan requests. The one-year contract, with provisions for two additional one-year extensions, has a potential value of \$600,000.
- Informatics is completing its design and development of a central index system for the U.S. Immigration and Naturalization Service. The \$2.1 million contract was awarded in late 1983.
- Informatics' fee for programming support in many federal government contracts is based on reimbursement for all allowable costs plus a fee, which may include additional incentive fees based on performance. Otherwise, the general policy for such contracts is based on time and materials.
- TAPS<sup>®</sup>, an application development system, is no longer actively marketed.
- In late 1984 Informatics initiated its Preferred Customer Program to market all its products and services on an integrated basis to large corporations.
- In March 1985 Allied Corporation became the first to sign a Preferred Customer Agreement with Informatics. Allied is eligible to purchase Informatics' products and services at a discount.

## INDUSTRY MARKETS

- Approximately 24% of Informatics' 1984 revenue was derived from law firms or legal departments of large corporations, 18% from the federal government, and 9% from the wholesale and retail distribution industry. The remaining 49% was derived from large corporations in a variety of industries, accounting firms, group insurance firms, property managers, contractors and developers, and state and local government.



## INFORMATICS GENERAL CORPORATION

- A three-year summary of U.S. government and commercial revenue mix by business segment follows (\$ millions):

	<u>1984</u>	<u>1983</u>	<u>1982</u>
U.S. Government			
. Informatics Applications	\$ 1.0	\$ 0.4	\$ 0.5
. Informatics Systems	34.0	30.0	24.6
Commercial			
. Informatics Applications	87.3	54.8	39.3
. Informatics Systems	67.0	66.9	68.6
Investment revenue	3.6	3.2	0.1
Intersegment eliminations	<u>(1.7)</u>	<u>(3.2)</u>	<u>(3.8)</u>
	\$ 191.2	\$ 152.1	\$ 129.3

- At December 31, 1984, Informatics was providing products or services to agencies of the federal government under approximately 40 separate contracts.

## GEOGRAPHIC MARKETS

- Approximately 90% of Informatics total 1984 revenue was derived from the U.S. The remaining 10% was derived primarily from Canada and Western Europe.
- A three-year summary of domestic and foreign revenue mix by business segment follows (\$ millions):

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Foreign Customers			
. Informatics Applications	\$ 1.8	\$ 1.9	\$ 2.0
. Informatics Systems	16.9	16.6	17.6
Domestic Customers			
. Informatics Applications	86.5	53.3	37.8
. Informatics Systems	84.2	80.3	75.6
Investment revenue	3.6	3.2	0.1
Intersegment eliminations	<u>(1.7)</u>	<u>(3.2)</u>	<u>(3.8)</u>
	\$ 191.2	\$ 152.1	\$ 129.3

- Informatics leases offices and facilities in 34 U.S. and Canadian cities and nine other countries. Major facilities are located in Atlanta, Canoga Park and Palo Alto (CA), Columbus (OH), Dallas, New York City, Phoenix, and Rockville (MD).

## INFORMATICS GENERAL CORPORATION

- Informatics has full service facilities located in London and Paris to provide its products and services in Europe.

### COMPUTER HARDWARE AND SOFTWARE

- Hardware installed at Informatics' various computer centers includes:
  - Columbus (OH).
    - 1 Amdahl V-6 Mod-II, MVT/ASP.
    - 1 IBM 370/168, SVS/HASP.
    - 1 IBM 370/168, MVS/JES2/TSO.
  - Riverdale (MD).
    - 1 NAS AS/5000, MVS.
    - 1 Amdahl V-6, MCS.
- Clients may access the data centers via direct dial, WATS, dedicated lines, and Telenet.

# FINANCIAL UPDATE TO HIGHLIGHT DATED NOVEMBER 1982

**INFORMATICS GENERAL CORPORATION**  
21031 Ventura Boulevard  
Woodland Hills, CA 91364  
(213) 887-9040

Walter F. Bauer, Chairman  
Bruce T. Coleman, President  
Public Corporation, NYSE  
Total Employees: 2,700  
Total Revenue, Fiscal Year End  
12/31/82: \$170,167,000

## INFORMATICS GENERAL CORPORATION FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

FISCAL YEAR ITEM	1982	1981	1980	1979	1978
Revenue	\$ 170,167	\$ 150,327	\$ 125,893	\$ 112,388	\$ 92,507
. Percent increase from previous year	13%	19%	12%	21%	24%
Income before taxes and extraordinary item	\$ 10,685	\$ 9,310	\$ 7,658	\$ 5,128	\$ 3,233
. Percent increase from previous year	15%	22%	49%	59%	141%
Net income	\$ 5,445	\$ 5,120	\$ 5,332*	\$ 4,470*	\$ 2,703*
. Percent increase (decrease) from previous year	6%	(4%)	19%	65%	188%
Earnings per share after extraordinary income tax benefit	\$ 1.49	\$ 1.47	\$ 1.58	\$ 1.35	\$ 0.77
. Percent increase (decrease) from previous year	1%	(7%)	17%	75%	266%

\* After extraordinary income tax benefit credits

# INFORMATICS GENERAL CORPORATION

- A five-year financial summary by Informatics' three business segments follows:

## INFORMATICS FIVE-YEAR FINANCIAL SUMMARY BY BUSINESS SEGMENT (\$ thousands)

FISCAL YEAR ITEM	1982	1981	1980	1979	1978
Software Products					
• Revenue	\$ 68,034	\$ 54,522	\$ 38,213	\$ 35,699	\$ 31,850
• Operating profit*	6,255	3,732	1,501	1,150	1,602
• Pretax income	3,510	1,645	178	(42)	334
• Pretax profits	5.1%	3%	<1%	(0)	1%
Information Processing Services					
• Revenue	\$ 60,252	\$ 58,735	\$ 53,153	\$ 42,225	\$ 32,972
• Operating profit*	6,482	6,113	6,565	3,790	2,441
• Pretax income	4,039	3,962	4,584	1,986	974
• Pretax profits	6.7%	6.7%	8.6%	4.7%	2.9%
Professional Services					
• Revenue	\$ 45,378	\$ 39,789	\$ 36,133	\$ 35,410	\$ 28,293
• Operating profit*	5,047	4,970	4,014	4,138	2,827
• Pretax income	3,136	3,703	2,896	3,184	1,925
• Pretax profits	6.9%	9.3%	8.0%	9.0%	6.8%
Intersegment revenue elimination**	\$ (3,497)	\$ (2,719)	\$ (1,606)	\$ (946)	\$ (608)

\* Operating profit: before interest and general corporate expenses.

\*\* Intersegment revenue is primarily processing services.

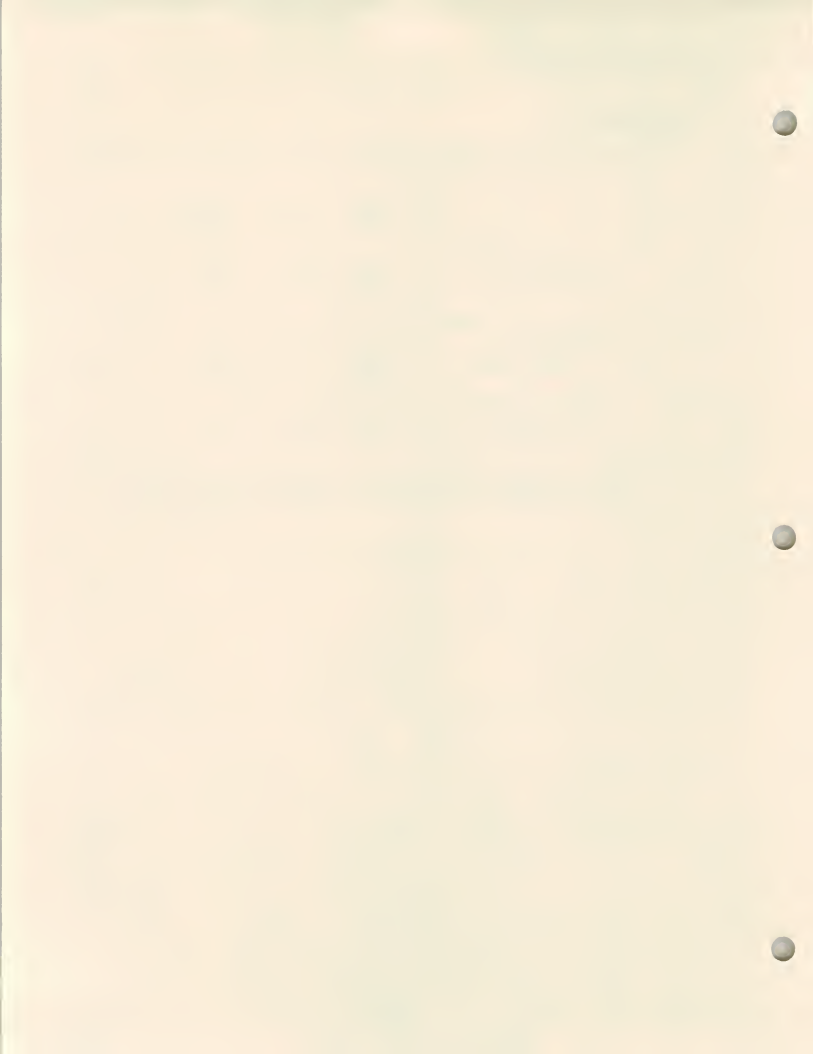
## INFORMATICS GENERAL CORPORATION

### SOURCE OF REVENUE

- Contribution to Informatics' revenue and pretax income by business segment over the last three years has been as follows:

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Software Products			
. Revenue	40%	36%	30%
. Pretax income	33%	18%	2%
Information Processing Services			
. Revenue	33%	37%	41%
. Pretax income	38%	42%	60%
Professional Services			
. Revenue	27%	27%	29%
. Pretax income	29%	40%	38%

- INPUT estimates that \$5 million, or 3% of 1982 revenue, was from turnkey systems sales generated by Informatics' various business segments.



## COMPANY HIGHLIGHT

**INFORMATICS GENERAL CORPORATION**  
21031 Ventura Boulevard  
Woodland Hills, CA 91364  
(213) 887-9040

Dr. Walter F. Bauer, Chairman and  
President  
Public Corporation, NYSE  
Total Employees: 2,700  
Total Revenue, Fiscal Year End  
12/31/81: \$150,327,000

### THE COMPANY

- Informatics, formed in 1962, is one of the leading computer services vendors of software products, processing services, and professional services. In 1982 the company changed its name to Informatics General Corporation to reflect its expansion into offering minicomputer and microcomputer products for industry specialty applications and programmer workstations.
- Revenue for 1981 was \$150.3 million, a 19% increase over \$125.9 million in 1980. Income before taxes improved 22%, while net income and earnings per share showed slight declines. A five-year financial summary follows:

#### INFORMATICS GENERAL CORPORATION FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM \ FISCAL YEAR	1981	1980	1979	1978	1977
Total revenue	\$ 150,327	\$ 125,893	\$ 112,388	\$ 92,507	\$ 74,768
• Percent increase from previous year	19%	12%	21%	24%	27%
Income before taxes and extraordinary item	\$ 9,310	\$ 7,658	\$ 5,128	\$ 3,233	\$ 1,340
• Percent increase from previous year	22%	49%	59%	141%	175%
Net income	\$ 5,120	\$ 5,332*	\$ 4,470*	\$ 2,703*	\$ 940*
• Percent increase (decrease) from previous year	(4%)	19%	65%	188%	149%
Earnings per share after extraordinary income tax benefit	\$ 1.47	\$ 1.58	\$ 1.35	\$ 0.77	\$ 0.21
• Percent increase (decrease) from previous year	(7%)	17%	75%	266%	N/A

\*After extraordinary income tax benefit credits

# INFORMATICS GENERAL CORPORATION

- Acquisitions added approximately \$8 million to 1981 revenue.
- Revenue for the nine months ending September 30, 1982, was \$120.6 million versus \$105.3 million in 1981, an increase of 15%. Net income was \$2.5 million, up slightly from \$2.4 million for the same period in 1981. Earnings per share were 1% lower at \$0.67 versus \$0.68. Net income was increased \$270,000 in the third quarter from the sale of marketing rights to a software package.
- A five-year financial summary by Informatics' three business segments follows:

## INFORMATICS FIVE-YEAR FINANCIAL SUMMARY BY BUSINESS SEGMENT (\$ thousands)

FISCAL YEAR ITEM	1981	1980	1979	1978	1977
Software Products					
• Revenue	\$ 54,522	\$ 38,213	\$ 35,699	\$ 31,850	\$ 26,451
• Operating profit*	3,732	1,501	1,150	1,602	729
• Pretax income*	1,645	178	(42)	334	(255)
• Pretax profits	3%	<1%	(0)	1%	(1%)
Information Processing Services					
• Revenue	\$ 58,735	\$ 53,153	\$ 42,225	\$ 32,972	\$ 26,228
• Operating profit*	6,113	6,565	3,790	2,441	1,440
• Pretax income	3,962	4,584	1,986	974	174
• Pretax profits	6.7%	8.6%	4.7%	2.9%	<1%
Professional Services					
• Revenue	\$ 39,789	\$ 36,133	\$ 35,410	\$ 28,293	\$ 22,750
• Operating profit*	4,970	4,014	4,138	2,827	2,111
• Pretax income	3,703	2,896	3,184	1,925	1,421
• Pretax profits	9.3%	8.0%	9.0%	6.8%	6.2%
Intersegment Revenue Elimination**	\$ (2,719)	\$ (1,606)	\$ (946)	\$ (608)	\$ (661)

\* Operating profit: before general corporate expenses.

\*\* Intersegment revenue is primarily processing services.

- Software Products recorded a 43% increase in revenue in 1981, the highest gain of the three business segments. Pretax profits more than tripled in 1981, but at 3%, they are well below industry averages.



# INFORMATICS GENERAL CORPORATION

- Revenue increases and improved profits are attributed to Informatics implementation systems and insurance products. Accounting software sold by Management Control Systems, a company acquired last year, also performed well in 1981.
- Losses were incurred by the TAPS® and law office management products, both of which were recent acquisitions.
- Information Processing revenue increased 11% in 1981, down from a 26% growth rate in 1980. Pretax income and pretax profits also fell below 1980 levels.
- Gains in general data services and services to the distribution industry were offset by lower profits in litigation support services.
- Professional Services 1981 revenue increased 10% over 1980. Pretax profits improved and, at 9%, are the highest of Informatics' three business segments.
- Professional Services, the business that started Informatics, has generated most of the corporate pretax profits over the last five years, as shown (\$ thousands):

	<u>Five-Year Pretax Profits</u>	<u>Percent of Total</u>
Professional Services	\$13,129	49%
Information Processing	11,680	44
Software Products	<u>1,860</u>	<u>7</u>
	\$26,669	100%

- Informatics has not reported any new acquisitions since Management Control Systems was acquired in September 1981. It has, however, sold two products:
  - The marketing rights to the Corporate Shareholder System were sold back to Atlanta-based Stockholder Systems, Inc. Net income from the sale was \$270,000.
  - Informatics' minicomputer-based system for library cataloging, MINI MARC, was sold to former employees in mid-1982.
- A description of the services provided by Informatics' business segments follows:
  - The Software Products segment develops and markets implementation systems and applications products. Also included in this organization are:

- Software product sales of LIFE-COMM®.
- Sales from Management Control Systems, a wholly owned subsidiary.
- Sales, support, and development of turnkey products and other hardware-based systems.
- The Information Processing Services segment provides consulting services and offers processing services from three data centers:
  - Fairfield (NJ) provides general timesharing and remote processing network-based services.
  - Columbus (OH) provides proprietary data services to the wholesale distribution industry, principally drug, hardware, and industrial supply distributors.
  - Riverdale (MD) offers manual and automated data base and document handling systems which are used in the development of legal, bibliographic and library retrieval systems, clearinghouse operations, and photocomposition services. Insurance processing services using the LIFE-COMM system are also performed from Riverdale.
- The Professional Services segment provides programming support to a variety of clients in commercial and government sectors.
- As of December 31, 1981, Informatics employees were divided by business segment as follows:

Software Products	725
Professional Services	915
Information Processing	1,000
Corporate Personnel	<u>60</u>
	2,700

- Approximately 325 field salespeople market Informatics' products worldwide through more than 55 offices in North America, Europe, Latin America, and Southeast Asia. The sales organization is also supplemented by 21 independent agents.
- Major competitors to Informatics by business area are:
  - Software Products: IBM, Applied Data Research, Pansophic, and Mathematica.

## INFORMATICS GENERAL CORPORATION

- Processing Services: General Electric Information Services, Control Data, Electronic Data Systems, and Tymshare.
- Professional Services: IBM, Arthur Andersen, LTI Consulting Services (formerly Lambda), Computer Task Group, AGS Computers, Computer Sciences, and Planning Research Corporation.
- Litigation Support: Control Data, Aspen, and Litton Computer Services.

### KEY PRODUCTS AND SERVICES

- Contribution to Informatics' revenue and pretax income by business segment over the last three years has been as follows:

	<u>1981</u>	<u>1980</u>	<u>1979</u>
Software Products			
. Revenue	36%	30%	32%
. Pretax income	18%	2%	0*
Information Processing Services			
. Revenue	37%	41%	37%
. Pretax income	42%	60%	62%
Professional Services			
. Revenue	27%	29%	31%
. Pretax income	40%	38%	38%

\*Loss reported

- Information Processing Services revenue in 1981 was \$56 million (excluding intersegment revenue) and grew 11% from \$53.2 million in 1980. About 30% of its revenue comes from the federal government and 70% from commercial sources. Revenue from two major units is reported in these figures: the Data Services Group and the Information Systems and Services Group.
  - Information Processing Services had about 675 clients at the end of 1981. Its largest client, The Equitable Life Assurance Society, accounted for 9% or \$5.2 million of segment revenue in 1981. Of this, \$1.7 million came from providing processing services for a Medicare contract held by The Equitable. The remaining \$3.4 million was derived primarily from timesharing and remote computing services.
  - The Data Services Group includes divisions offering general remote computing and specialty applications for the apparel, taxi, and distribution industries.

- The Data Services Operations Division (DSO) provides general remote computing to clients in commercial (75%) and government (25%) sectors throughout the U.S. Begun in 1972, DSO offers financial planning, statistical, and data base services from the Fairfield (NJ) data center. Applications available are shown in Exhibit A.
  - New products on the network include a series of applications for the transportation industry: route scheduling, airline crew scheduling, and motor carrier cost modeling.
  - The apparel and taxicab industry applications, marketed by the Commercial Online Systems Division, are now processed from the Fairfield data center.
- The Commercial Online Systems Division (COSD) was part of the Transportation Computing Sciences Corporation acquisition completed in January 1981. Remote and batch processing services are provided in the New York area for the apparel and taxicab industries.
  - Apparel industry processing is aimed at firms with \$1 million to \$100 million in annual revenue. Applications include order processing, inventory control, and accounts receivable.
  - Taxicab fleet processing services include applications for employee pensions, union dues, benefits, and some limited financial/accounting.
- The Management Systems Division (MSD) provides processing services to the wholesale distribution industry from a data center in Columbus (OH).
  - Its primary market is 1,500 wholesalers and distributors with revenue of over \$10 million per year. Clients are primarily in the drug, hardware, industrial supply, food, and automotive parts industries. Professional services to analyze distribution operations and customize reports are available.
  - DISTRIBUTION IV, a complete management information system for wholesale distributors, includes applications for accounting, inventory control, order processing, and sales analysis. A list of major applications offered is in Exhibit A. DISTRIBUTION IV has about 100 user sites.
  - ORDERNET, a computer-to-computer electronic mail service, uses a centralized clearinghouse system to provide electronic transmission of purchase orders and related information between distributors and manufacturers. Information that can be trans-

EXHIBIT A

NETWORK APPLICATIONS BY DIVISION

DATA SERVICES OPERATIONS DIVISION  
FAIRFIELD, NEW JERSEY

- OPERATING ENVIRONMENT
  - IBM 370/158, SVS2
  - NAS AS-9, VM/CMS
  - NAS AS-7, SVS2
  - NAS AS-7, MVS/JES2/TSO
- LANGUAGES
  - FORTRAN                      – COBOL
  - PL/1                         – VS-BASIC
  - ASSEMBLER
- DATA BASE MANAGEMENT SYSTEMS
  - MARK IV                    – FAMIS II
  - MODEL 204                 – INQUIRE
- DATA BASES
  - CITIBASE
- FINANCIAL
  - SIMPLAN                    – IMPACT
  - CUFFS
- STATISTICAL
  - SAS                         – SPSS
  - GSA/GSM
- PROJECT MANAGEMENT
  - PROMAC 90                 – NS500
- GRAPHICS
  - DISSPLA                    – TELL-A-GRAPH
- TRANSPORTATION
  - TRANSYT IV                 – AIRLINE CREW SCHEDULING
  - UTPS
  - HIGHWAYNET                – MOTOR CARRIER COST MODEL

DATA SERVICES OPERATIONS DIVISION  
FAIRFIELD, NEW JERSEY

- APPAREL INDUSTRY
  - ORDER PROCESSING
  - INVENTORY CONTROL
  - ACCOUNTS RECEIVABLE
- TAXICAB INDUSTRY
  - ACCOUNTING
  - EMPLOYEE BENEFITS
  - EMPLOYEE PENSIONS
  - UNION DUES

MANAGEMENT SYSTEMS DIVISION  
COLUMBUS, OHIO

- OPERATING ENVIRONMENT
  - AMDAHL V/6, MVT/ASP
  - IBM 370/168 SVS/HASP
  - IBM 370/168 MVS/JES2/TSO
- DISTRIBUTION IV
  - ACCOUNTS PAYABLE
  - ACCOUNTS RECEIVABLE
  - BACK ORDER PROCESSING
  - BUYING FORECASTING
  - BUYING AND PURCHASE ORDERS
  - CUSTOMER SERVICE
  - GENERAL ACCOUNTING
  - INVENTORY MANAGEMENT
  - ORDER PROCESSING
  - PAYROLL
  - RETAIL SERVICES
  - SALES ANALYSIS
- ORDERNET
- DISTRIBUTED DATA PROCESSING
  - ORDER SCHEDULING
  - ON-LINE RECEIVING
  - ORDER PROCESSING

mitted through ORDERNET includes purchase orders, price changes, new item announcements, promotions and deals, and rebates.

- Since ORDERNET was introduced in 1978, five major trade associations have endorsed the product. These are:
  - National Wholesale Druggist Association.
  - Drug Wholesalers Association.
  - American Surgical Trade Association.
  - National Association of Service Merchandising.
  - American Hardware Manufacturers Association.
- ORDERNET has about 250 clients, most of whom came from association endorsements.
- MSD also offers a distributed data processing system, DDPS, for use with the Distribution IV System. Based on a Honeywell Level 6 minicomputer, DDPS provides local inquiry, order scheduling and processing, on-line receiving, and direct order entry. There are 25 installations of the system.
- Information Systems and Services (ISS) includes divisions performing data base, litigation information management, photocomposition, insurance, information systems development and management, and professional services from the Riverdale (MD) data center.
- The Federal Operations Group within ISS has divisions providing data base processing, information systems, and government professional services.
  - The Clearinghouse Services Division designs and operates data bases of information for government agencies. Current clearinghouse data bases include smoking, health, alcohol abuse, hazardous substances, and adult/community education. Statistical compilations, reports, and analysis are available.
  - The Information Management Division (IMD) is responsible for research, development, and survey work for the federal government. IMD designs, conducts, and analyzes surveys and results.
- Legal Information Services provides legal data base services for litigation cases and turnkey legal office systems.
  - The Litigation Management Support Division creates, maintains, and searches data bases of discovery material in support of complex litigation cases through its RECON/IV data retrieval software.

- A new service, called Esquire, was announced in 1982. Aimed at document preparation and retrieval applications for law offices, Esquire is offered on a remote processing basis from Informatics' Rockville data center. Esquire will be offered on a Wang VS minicomputer early in 1983. The product will be priced at \$10,000.
- The Professional Software Systems (PSS) Division, formed through the acquisition of Professional Software Systems in 1981, offers a turnkey legal office management system including such applications as general ledger, docket scheduling, accounts payable and receivable, timekeeping, and billing. The system, with more than 80 installations, costs approximately \$120,000.
- PSS introduced the Legal Time Management System (LTMS) in 1982. Aimed at the low end of the legal market, LTMS provides features for document creation, attorney billing, word processing, timekeeping and billing names by attorney, and accounts receivable. The starting price for LTMS is \$16,000 for software-only sales or can be purchased as part of a turnkey system on Wang LVP hardware.
- PSS also announced TEXTRACT in 1982. Offered on a Wang VS, TEXTRACT is used for indexing legal documents, library holdings, personnel files, evidentiary documents, and estate and trust information.
- The Publishing Services Division provides text editing and photocomposition services for publishers. In 1981, this division introduced CS/V, its IBM-based photocomposition software converted to operate on Wang VS minicomputers. Both the IBM and Wang versions are available as software products.
- The Manufacturing Systems Division provides consulting services closely associated with Production IV software.
- Consulting services include capacity planning, cost control, independent demand maintenance, inventory management, manufacturing data base, material requirements planning, purchasing, resource planning, and shop floor scheduling.
- Software Products revenue in 1981 was \$54.5 million, a 43% increase over \$38.2 million in 1980. About 69% of software products revenue came from new product sales and 31% from associated services.

- Divisions within the Software Products Group provide systems implementation and other systems and applications software products for mainframes, microcomputers, and minicomputers. A profile of software marketed is provided in Exhibit B.
- The Implementation Systems Technology Division, Implementation Systems Marketing Division, and International Marketing Division provide implementation systems software products.
  - The Mark IV<sup>®</sup> system, introduced in 1967, has been Informatics' most successful product. There were 1,895 systems installed at the end of 1981. Cumulative revenue generated by Mark IV and associated products has been approximately \$132 million. 1981 revenue contribution of Mark IV and other implementation systems was \$15.4 million, down 14% from 1980 levels, and represented 28% of all software segment revenue.
  - A companion version to Mark IV, Mark V, was introduced in 1981. Mark V is an applications generator designed to aid the writing of interactive programs for IBM's IMS data base management system. Sales have been slow due to recession pressures on large software products and a price tag which starts at \$100,000.
  - INQUIRY IV/IMS<sup>T.M.</sup>, TRANS IV<sup>T.M.</sup>, Answer/2, SHRINK<sup>®</sup>, and Answer/DB, products introduced in the last few years, appear to be performing well. TAPS, a tool for building transaction processing systems, has a large installed base (over 1,200 sites) but is incurring losses.
- Informatics' applications software products are currently targeted at three markets: life insurance, accounting firms, and law offices.
  - LIFE-COMM, sold by the Commercial Information Systems Operation, is marketed to large- and medium-size life insurance companies. LIFE-COMM is available both as a software product and as a processing service.
    - There are 75 installations of LIFE-COMM in about 70 companies. Revenue per installation (including associated installation services) generally ranges from \$400,000 to \$1 million.
    - LIFE-COMM supports ordinary life, individual accident and health, group permanent, individual annuities, and variable annuities policies. It operates as an on-line system with an operational batch capability.



## EXHIBIT B

## INFORMATICS SOFTWARE PRODUCTS

PRODUCT NAME	FUNCTION	PRICE
<b>SYSTEMS SOFTWARE</b>		
— MARK IV®	IMPLEMENTATION LANGUAGE	\$35,000+
— ANSWER/2	REPORT WRITER	15,000+
— INQUIRY IV/IMS <sup>T.M.</sup>	ON-LINE QUERY TO IMS FILES	49,000
— SHRINK®	FILE COMPRESSION AND ENCRYPTION	30,000+
— TRANS IV <sup>T.M.</sup>	INTERACTIVE PROCESSING FOR CICS/VS	25,000+
— MARK V	TRANSACTION-ORIENTED APPLICATIONS GENERATOR	100,000+
— ANSWER/DB	ON-LINE USER REPORTING SYSTEM	25,000+
— TAPS®	INTERACTIVE APPLICATION DEVELOPMENT SYSTEM	20,000
— INFO IV	DOCUMENT RETRIEVAL	15,000+
<b>APPLICATIONS SOFTWARE</b>		
— MARK IV®/AUDITOR	AUDITING TOOL	19,000
— CS IV®	PHOTOCOMPOSITION SYSTEM	56,000
— LIFE-COMM®	LIFE INSURANCE SYSTEM	450,000
— GROUP-COMM	GROUP INSURANCE SYSTEM	ON REQUEST
— FLEX-A-LIFE	UNIVERSAL LIFE ADMINISTRATION	ON REQUEST
— MCS FINANCIAL REPORTING SYSTEM	OFFICE MANAGEMENT, TAX PREPARATION AND AUDIT FOR ACCOUNTANTS	ON REQUEST
— SHOPFLOOR CONTROL/80	SHOP FLOOR CONTROL	6,000+
— COSTCONTROL/80	MANUFACTURING CONTROL	4,500+
— EMPLOYEE RECEIVABLES/ TRAVEL EXPENSE	EMPLOYEE EXPENSE CONTROL	ON REQUEST
— PRODUCTION IV	MANUFACTURING PLANNING & CONTROL	8,000+
— STOCK AND BOND SYSTEM	INSURANCE INVESTMENT MANAGEMENT	ON REQUEST
— MORTGAGE LOAN SYSTEM	MORTGAGE LOAN	ON REQUEST
— TOP PRODUCER	INSURANCE AGENT (TURNKEY)	8,500 - 12,500
— INFORMATICOM	PROGRAMMER WORKSTATION	20,000 - 40,000

- The system has 20 modules, including underwriting, policy maintenance, agent compensation, billing, collection, and valuation, accounting and reporting, and actuarial services.
- LIFE-COMM is available on a processing services basis from the Riverdale data center.
- Riverdale also offers a mortgage loan and stock and bond processing system. The Social Systems Insurance data base developed by FW Dodge Data Systems is available.
- GROUP-COMM, a product acquired in 1981, administers group insurance programs for life, accidental death, disability income, and medical coverage.
- FLEX-A-LIFE, a system for the administration of the life insurance industry's universal life product, was introduced in 1981.
- Insurance products operate on IBM 360 and larger computers under DOS, OS, DOS/VS, OS/VS, SVS, and MVS.
- In 1982, Informatics began developing new versions of its LIFE-COMM and stock and bond software systems under a pre-licensing arrangement. Over 30 participants have advanced \$200,000 each to cover development costs.
- For insurance companies who have LIFE-COMM installed, Informatics announced Top Producer, an insurance agent system. Offered on the IBM Personal Computer, Top Producer is priced between \$8,490 and \$12,500 for software, hardware, and peripherals. Marketing will be done by insurance carriers.
- Management Control Systems, an Atlanta-based subsidiary, markets a line of software products for accountants.
  - Called the MCS Financial Reporting System, application modules are available for practice management, payroll, client accounting, audit and tax services, and client services.
  - Accounting software products operate on IBM minicomputers. Between their introduction in 1975 and September 30, 1982, approximately 5,240 management and accounting software packages have been installed with approximately 1,910 customers.
- The Software Products group also markets INFORMATICOM®, a microcomputer-based workstation which permits users to create files

locally or draw data from large IBM and compatible computers for problem solving.

- Software offered with INFORMATICOM includes a multilevel prompting language for file management and reporting called INFORM/DMS, a dictionary, file manager, query language, and a communications handler.
- The workstation interfaces with MARK IV on the central computer and can be used for preparation of MARK IV applications.
- INFORMATICOM is offered on an Intel Corporation intelligent terminal and ranges in price from \$20,000 to \$40,000 for hardware, software, and peripherals.
- Professional Services revenue in 1981 was \$39.8 million, a 10% increase over \$36.1 million in 1980. Approximately 76% of revenue was derived from commercial clients (including state and local governments) and 24% from the federal government.
  - Professional Services provides programming support and development services in areas of business applications, data base management, engineering and scientific computing, system conversion, communication systems design and implementation, and hardware and software selection.
  - The two largest contracts held by Professional Services are at NASA's Ames Research Center and the Jet Propulsion Laboratory. Revenue from these contracts was \$7.2 million in 1981, or 18% of total professional services revenue.
  - The Intelligence/Military Division operates facilities in Bellevue (NE) and Colorado Springs (CO) in support of the U.S. Air Force. It has contracts with federal intelligence agencies and state and local governments.
  - Professional Services also provides the Application Development Services (ADS), a methodology which takes projects from the detailed design stage and manages them through completion, certification, documentation, and delivery to the client. Four major ADS projects were completed in 1981. Notable among these was a contract with Texas Oil and Gas Corporation for the development of an oil and gas management system.

## INFORMATICS GENERAL CORPORATION

### INDUSTRY MARKETS

- Government and commercial revenue mix over the last three years by business segment follows:

	1981	1980	1979
U.S. Government			
• Software Products	1%	1%	1%
• Professional Services	6	8	12
• Processing Services	11	12	13
Commercial			
• Software Products	35	29	31
• Professional Services	21	21	19
• Processing Services	<u>26</u>	<u>29</u>	<u>24</u>
	100%	100%	100%

### GEOGRAPHIC MARKETS

- Informatics' domestic and foreign revenue mix by business segment has been as follows over the last three years:

	1981	1980	1979
Foreign Customers			
• Software Products	10%	10%	9%
• Professional Services	4	4	2
• Processing Services	1	2	2
Domestic Customers			
• Software Products	26	20	23
• Professional Services	23	25	29
• Processing Services	<u>36</u>	<u>39</u>	<u>35</u>
	100%	100%	100%

- Informatics leases offices and facilities in 34 United States and Canadian cities and nine other countries. Major facilities are located in Canoga Park, Rockville, Fairfield, Columbus, Dallas, Riverdale, New York, Palo Alto, Atlanta, Phoenix, and Des Plaines.

### COMPUTER HARDWARE

- Hardware installed at the four Informatics data centers includes:
  - Fairfield (NJ).
    - 1 IBM 370/158,SVS 2.
    - 1 NAS AS-9, VM/CMS.

# INFORMATICS GENERAL CORPORATION

- . I NAS AS-7, SVS2.
- . I NAS AS-7, MVS/JES2/TSO.
- Columbus (OH).
  - . I Amdahl V6 Mod-II, MVT/ASP.
  - . I IBM 370/168, SVS/HASP.
  - . I IBM 370/168, MVS/JES2/TSO.
- Riverdale (MD).
  - . I NAS 5000, MVS.
  - . I Amdahl 470,V6,MVS.
  - . I NAS AS-7.



## COMPANY PROFILE

**INFORMATICS INC.**  
21031 Ventura Blvd.  
Woodland Hills, CA 91364  
(213) 887-9040

Dr. Walter F. Bauer, Chairman and  
President  
Public Corporation, OTC  
Total Employees: 2,477  
Total Revenues, Fiscal Year End  
12/31/80: \$125,893,000

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### THE COMPANY

- Informatics was established in 1962 to provide custom programming services. It operated as a private company through 1965, then publicly until 1974 when The Equitable Life Assurance Society of the United States acquired 90% of Informatics' stock. The two companies, during a five-year renewal plan, reinvested Informatics' profits in research and development. Informatics again became publicly-held in 1979 when The Equitable sold a 30% interest. The Equitable sold its remaining common stock in a public stock offering of 1.3 million shares in September 1980.
  - At present, Informatics common stock is held 90% publicly and 10% by Informatics management. The Equitable does not have any voting power through its convertible preference stock holdings.
- Through internal development, and most recently through a number of acquisitions, Informatics has become one of the leading computer services vendors of processing services, software products, and professional services.
- Informatics' 1980 revenue of \$125.9 million increased 12% over 1979. Pretax income of \$7,658 increased 49%, and net income increased 19% to \$5,332. A five-year summary follows:

INFORMATICS  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

FISCAL YEAR ITEM	1980	1979	1978	1977	1976
Total revenue	\$125,893	\$112,388	\$92,507	\$74,768	\$58,743
Percent change from previous year	12%	21%	24%	27%	51%
Income (loss) before taxes and extra-ordinary item	\$ 7,658	\$ 5,128	\$ 3,233	\$ 1,340	\$(1,793)
Percent change from previous year	49%	59%	141%	175%	58%
Net income (loss)	\$ 5,332*	\$ 4,470*	\$ 2,703*	\$ 940*	\$(1,905)
Percent change from previous year	19%	65%	188%	149%	57%
Net income (loss) per share	\$ 2.37	\$ 2.03	\$ 1.15	\$ 0.31	\$(1.00)
Percent change from previous year	17%	76%	271%	131%	57%

\*Includes extraordinary credit for taxes offset by operating loss carry-forwards.

- Informatics' earnings through February 1979 were affected by costs associated with the 1974 Equitable acquisition. Charges ranged from \$1.8 to \$2.2 million per year.
- Losses were expected between 1974 and 1976 in order to develop new products and services.
- Informatics' 1980 expenditures on research and development increased 34% to \$5.9 million. 1979 expenditures were \$4.4 million compared to \$4.0 million in 1978. Most of this was spent on new software development.
- Informatics' 1980 royalty payments for use of products developed by other companies increased 29% to \$1.8 million. 1979 costs were \$1.4 million and 1978 were \$1.0 million.
- Informatics nine months results, ending September 30, 1981, showed revenues of \$105,305,000, an increase of 15% over 1980. Pretax income was \$4,746,000, up 21%. Net income fell 27% to \$2,444,000 and per share earnings declined 31% to \$1.02.



INFORMATICS INC.

- The decline in net income and per share earnings was largely due to the absence of extraordinary tax credits accredited in prior years.
- Other contributing factors were declines in its professional and processing services business to the federal government and lower than expected performance in litigation support services in the first half of 1981.
- Revenue operating profit and pretax income from Informatics' three business segments over the last five years have been:

INFORMATICS  
FIVE-YEAR FINANCIAL SUMMARY  
BY BUSINESS SEGMENT  
(\$ thousands)

FISCAL YEAR ITEM	1980	1979	1978	1977	1976
Software Products					
• Revenue	\$38,213	\$35,699	\$31,850	\$26,451	\$21,493
• Operating profit (loss)*	1,501	1,150	1,602	729	(753)
• Pretax income (loss)	178	(42)	334	(255)	(1,652)
Information Processing Services					
• Revenue	53,153	42,225	32,972	26,228	16,227
• Operating profit (loss)*	6,565	3,790	2,441	1,440	(22)
• Pretax income (loss)	4,584	1,986	974	174	(958)
Professional Services					
• Revenue	36,133	35,410	28,293	22,750	21,592
• Operating profit*	4,014	4,138	2,827	2,111	1,540
• Pretax income (loss)	2,896	3,184	1,925	1,421	817
Intersegment Revenue Elimination**	(1,606)	(946)	(608)	(661)	(569)

\* Operating profit: before expense and general corporate expense.

\*\* Intersegment revenue is primarily processing services.

- Software Products revenue increased 7% in 1980 over 1979. Pretax income was \$178,000 or less than 1% on revenues of \$38.2 million for the business segment. Segment performance was affected by:

- The discontinuation of unprofitable products including Series IV, Betacom, Intercomm, Minicom, and SCORE.
  - Continued research and development costs for new minicomputer, applications, and implementation systems.
- Information Processing Services revenue increased 25% in 1980 over 1979. Its pretax income of 9% (after intersegment eliminations) was the highest of Informatics' three business segments.
  - Substantial increases in the litigation information services boosted segment performance in 1980.
- Professional Services revenue increased 2% in 1980 over 1979. Both operating profits and pretax income showed declines over the prior year. Segment performance was affected by:
  - The loss of a major NASA contract which terminated at mid-year 1980. Revenue from this contract was \$2.4 million in 1980 compared with \$5.5 million in 1979.
  - Expenses related to establishing a combined software products and professional services operation in central Europe.
- A description of the services provided by Informatics' business segments follows:
  - The Software Products segment develops and markets implementation systems and application products.
  - The Information Processing Services segment provides consulting services and offers processing services from four data centers:
    - Fairfield (NJ) provides general timesharing and remote processing network-based services.
    - Columbus (OH) provides proprietary data services to the wholesale distribution industry, principally drug, hardware, and industrial supply distributors.
    - Riverdale (MD) offers manual and automated data base and document handling systems which are used in the development of legal, bibliographic and library retrieval systems, clearinghouse operations, and photocomposition services.
    - Dallas/Ft. Worth (TX) offers insurance industry processing services using the LIFE-COMM system.
  - The Professional Services segment provides programming support to a wide variety of clients in commercial and government sectors.

- Informatics has acquired several companies and products over the past two years. Several of its recent acquisitions are indicative of the company's strategy to increasingly sell hardware with software.
  - Calldata Systems Inc., a subsidiary of Grumman, sold the rights to its IBM-compatible data services contracts to Informatics in February 1980. The Data Services Operations in Fairfield and Columbus were designated to pick up the business base of the clients who agreed to transfer the contracts to Informatics. The Calldata branch offices involved in the transaction were located in Boston, Long Island, and Philadelphia. Value of the contracts was from \$3 to \$4 million.
  - In October 1980, Informatics acquired the Transaction Applications Processing System (TAPS) from Decision Strategy Corporation in New York. TAPS, a tool for building transaction processing systems on minicomputers, is expected to contribute \$2.5 million per year in software segment revenue.
  - In January 1981, Informatics acquired Transportation Computing Sciences Corporation (TCSC) of New York and its subsidiary, Commercial Online Systems, in a cash transaction. TCSC's 1980 revenue was approximately \$3 million. TCSC provides on-line financial processing for the apparel and taxi industries primarily in the New York area.
  - Informatics acquired Professional Software Systems, Inc. (PSS) of Phoenix (AZ) in May 1981. PSS, with 1980 revenue of \$5 million, offers software and turnkey systems to law offices. PSS and its installed base of 75 systems operates as part of Informatics' Legal Information Services Operations.
  - In June 1981, Informatics acquired the rights to GROUP-COMM, a group insurance administration software system. The product will be marketed from a new department within the Equimatics Division.
  - Informatics acquired Automated Systems Design Corporation (ASD) in August 1981. ASD provides file retrieval turnkey systems and contract programming in metropolitan New York.
  - In September 1981, Informatics acquired Management Control Systems (MCS), an Atlanta software company. MCS develops software for small accounting firms and sells it by mail, telephone, or on a direct basis. The acquisition will add more than \$4 million in annual revenue and about \$1 million in pretax profits.
- In November 1981, Informatics sold its Applications Products Division to Global Software, a company founded by former employees. Products involved in the sale include general ledger, accounts payable, purchase order systems, and standard product cost systems.

# INFORMATICS INC.

- Informatics employees, as of December 31, 1980, were divided by business segment as follows:

- Information Processing	979
- Software Products	553
- Professional Services	837
- Corporate Functions	<u>108</u>
	2,477

- Major competitors to Informatics by business segment are:

- Software Products: IBM, ADR, Pansophic, and Mathematica.
- Processing Services: General Electric Information Services, Control Data, EDS, and Tymshare.
- Professional Services: Computer Sciences, Planning Research, and System Development. *IBM, A. Anderson, Canada Computer Task Corp*

## KEY PRODUCTS AND SERVICES

- Contribution to Informatics' revenue and pretax income by business segment over the last five years has been as follows:

	1980	1979	1978	1977	1976
Software Products					
. Revenue	30%	32%	34%	35%	37%
. Pretax income	2	0*	10	0*	0*
Information Processing Services					
. Revenue	41	37	35	34	27
. Pretax income	60	62	30	11	0*
Professional Services					
. Revenue	29	31	31	31	36
. Pretax income	<u>38</u>	<u>38</u>	<u>60</u>	<u>89</u>	<u>100</u>
	100%	100%	100%	100%	100%

\*Pretax loss reported

- Information Processing Services contributed 41% of Informatics' 1980 revenue and 60% of pretax income. Processing is provided from the Data and Information Services Groups. Processing Services at the end of 1980 had 740 customers; The Equitable was the largest single user contributing \$5.1 million (10%) of segment revenue.

- The Data Services Group includes divisions offering general remote computing and specialty applications for the apparel, taxi, and distribution industries.
  - The Data Services Operations Division (DSO) provides general remote computing to clients in commercial (50%) and government (50%) sectors throughout the U.S. Begun in 1972, DSO offers financial planning, statistical, and data base services from the Fairfield (NJ) data center. Products available are shown in Exhibit A.
  - The Commercial Online Systems Division (COSD) was acquired with Transportation Computing Sciences Corporation in January 1981. Remote and batch computing services in the New York area are available for the apparel and taxicab industries through a contract with CBS Corporation to use its New York timesharing facility. COSD's processing will eventually be moved to the Fairfield data center.
    - Apparel industry processing is aimed at firms with \$1 million to \$100 million in annual revenue. Applications include accounts receivable, inventory control, and order processing.
    - Taxicab fleet processing services include applications for employee pensions, union dues, benefits, and some limited financial/accounting.
  - The Management Systems Division (MSD) provides processing to the wholesale distribution industry under the name Distribution IV.
    - Its primary market are the 1,500 distributors with revenue of over \$10 million per year. Clients are in the drug, hardware, industrial supply, food, and automotive parts industries. There are currently about 70 users.
    - Professional services to analyze distribution operations and customize reports are available.
    - Applications available from the Columbus (OH) data center are shown in Exhibit A.
    - ORDERNET, a new electronic purchase order system, links distributors, wholesalers, and manufacturers in the drug and surgical supplies trade. In January 1980, the Chicago-based American Surgical Trade Association, representing more than 800 distributors of medical products and surgical supplies, endorsed for its membership a version of ORDERNET.
    - MSD also offers a distributed data processing system, DDPS, for use with the Distribution IV System. Based on a Honeywell Level 6 minicomputer, DDPS provides local inquiry, order scheduling and processing, on-line receiving, and direct order entry. There are eight installations of the system.

## EXHIBIT A

## NETWORK APPLICATIONS BY DIVISION

DATA SERVICES OPERATIONS DIVISION  
FAIRFIELD, NEW JERSEY

- OPERATING ENVIRONMENT
  - IBM 370/158 AND 168, SVS2
  - NAS AS-9, VM/CMS
  - NAS AS-6 SVS2
- LANGUAGES
  - FORTRAN                      — ASSEMBLER
  - PL/1                         — COBOL
  - VS-BASIC
- DATA BASE MANAGEMENT SYSTEMS
  - MARK IV
  - MODEL 204
  - RAMIS II
  - INQUIRE
- DATA BASES
  - CITIBASE
- FINANCIAL
  - ACCOUNTING IV            — PREMIS
  - SIMPLAN                  — CUFFS
  - IMPACT
- STATISTICAL
  - SAS                         — GSA/GSM
  - BIOMED                    — SPSS
  - ECONOSCOPE
- PROJECT MANAGEMENT
  - PROMAC 90
- GRAPHICS
  - DISSPLA
  - TELL-A-GRAPH
- PROGRAM UTILITIES
  - IDEBUG                    — SYNC SORT
  - EXEC                      — CP/CMS EDITOR
  - *BRDGE*

MANAGEMENT SYSTEMS DIVISION  
COLUMBUS, OHIO

- OPERATING ENVIRONMENT
  - AMDAHL V/6, MVT/ASP
  - IBM 370/168 SVS/HASP
  - IBM 370/168 MVS/JES2/TSO
- DISTRIBUTION IV
  - ACCOUNTS PAYABLE
  - ACCOUNTS RECEIVABLE
  - BACK ORDER PROCESSING
  - BUYING FORECASTING
  - BUYING AND PURCHASE ORDERS
  - CUSTOMER SERVICE
  - GENERAL ACCOUNTING
  - INVENTORY MANAGEMENT
  - ORDER PROCESSING
  - PAYROLL
  - RETAIL SERVICES
  - SALES ANALYSIS
- ORDERNET
- DISTRIBUTED DATA PROCESSING
  - ORDER SCHEDULING
  - ON-LINE RECEIVING
  - ORDER PROCESSING

COMMERCIAL ON-LINE SYSTEMS DIVISION  
NEW YORK

- APPAREL INDUSTRY
  - ACCOUNTS RECEIVABLE
  - INVENTORY CONTROL
  - ORDER PROCESSING
- TAXICAB INDUSTRY
  - ACCOUNTING
  - EMPLOYEE BENEFITS
  - EMPLOYEE PENSIONS
  - UNION DUES

- The Information Systems and Services Group (ISG) includes divisions performing data base, litigation management, photocomposition, systems management, and professional services from the Riverdale (MD) data center.
- The Federal Operations Group within ISG has divisions providing data base processing, turnkey information systems, and government professional services.
  - The Clearinghouse Services Division designs and operates data bases of information for government agencies. Current clearinghouse data bases include smoking, health, alcohol abuse, hazardous substances, and adult/community education. Statistical compilations, reports, and analysis are available.
  - The Information Management Division (IMD) is responsible for research, development, and survey work for the federal government. IMD designs, conducts, and analyzes surveys and results.
  - The Information Programs Division (IPD) provides government professional services in the eastern U.S. and library information systems.
    - Services available include contract programming, consulting, system design, implementation, and maintenance in the areas of data base design, document handling, photocomposition, etc.
    - The Intelligence/Military Department operates facilities in Bellevue (NE) and Colorado Springs (CO) in support of the U.S. Strategic Air Command.
    - IPD has contracts with federal intelligence agencies and state and local governments.
    - Library Information Services provides MINI MARC, a standalone minicomputer system used by libraries for cataloging. MINI MARC contains the entire Library of Congress Machine Readable Cataloging (MARC) data base of approximately 1.5 million records. By the end of 1980, MINI MARC had an installed base of 34 systems in 28 locations in the U.S. and Canada, serving a total of 557 libraries. Library services also buys catalogues and processes books for libraries on a contract basis.
- Legal Information Services provides legal data base services for litigation cases and turnkey legal office systems.

*discovery material*

- The Litigation Management Systems Division creates, maintains, and searches data bases of ~~previous court decisions~~ in support of complex litigation cases through its RECON/IV data retrieval software.
- The Development Division performs research, enhancements, and new products for the legal profession.
- The Professional Software Systems Division, formed through the acquisition of Professional Software Systems in 1981, offers a turnkey legal office management system including such applications as general ledger, docket scheduling, accounts payable and receivable, timekeeping, and billing. The system, with more than 80 installations, costs approximately \$120,000.
- Automated Systems Design (ASD) provides a turnkey file retrieval system complementary to file management systems used with the litigation services.
  - Typical turnkey systems average \$200,000 in price and operate on Ultimate Corporation minicomputers under the Pick Operating System.
  - Systems are specialized for filing and retrieval of noncomputerized data bases.
  - System users include media organizations, banks, and insurance companies.
- Industrial Information Management Operations provide photocomposition services and data base services.
  - The Information Resources Management (IRM) Division, begun in 1981, applies products and services offered by other ISG divisions to new markets. RECON-IV software used in litigation and clearinghouse services is packaged with Wang VS and Honeywell Level 6 minicomputers for data base applications. IRM will build the data base as well as provide the hardware and software.
  - The Publishing/Word Processing Services Division provides text editing and photocomposition services for publishers. In 1980, this division introduced CS/V, its IBM-based photocomposition software converted to operate on Wang VS minicomputers. Both the IBM and Wang versions are available as software products.
- The Manufacturing Systems Division provides consulting services closely associated with Production IV software.
  - Consulting services include capacity planning, cost control, independent demand maintenance, inventory management,



manufacturing data base, material requirements planning, purchasing, resource planning, and shop floor scheduling.

- The Equimatics Division offers the LIFE-COMM system to large- and medium-size life insurance companies. LIFE-COMM is available both as a software product and through a processing service.
  - LIFE-COMM supports ordinary life, individual accident and health, group permanent, individual annuities, and variable annuities policies.
  - The system has 20 modules, including underwriting, policy maintenance, agent compensation, billing, collection, and valuation, accounting and reporting, actuarial services, etc.
  - LIFE-COMM is available through a processing service from the Dallas data center.
  - Equimatics also offers mortgage loan and stock and bond processing system. The Social Systems Insurance data base developed by FW Dodge Data Systems is available.
  - Systems operate on IBM 360 and larger computers under DOS, OS, DOS/VS, OS/VS, SVS, and MVS.
  - GROUP-COMM, a new product acquired in 1981, administers group insurance programs for life, accidental death, disability income, and medical coverage.
- Software products contributed 30% of 1980 Informatics revenue but only 2% of corporate pretax income. Divisions within the Software Products Group provide systems implementation and other systems software products for mainframes, microcomputers, and minicomputers. A profile is provided in Exhibit B.
- The Implementation Systems Technology Division, Implementation Systems Marketing Division, and International Marketing Division provide implementation system software products.
  - The Mark IV system, introduced in 1967, has been Informatics' most successful product. The 1,841 systems installed to date have contributed cumulative revenues of approximately \$125 million. 1980 contribution of Mark IV and other implementation systems was \$19 million, up 4% over the 1979 contribution and represented 50% of all software segment revenue.
  - Informatics has incurred substantial costs over the last several years to revitalize its software product line. In 1979, INQUIRY IV, TRANS IV, and Answer/2 products were introduced. The new systems allow for the development of systems for inquiry,

## EXHIBIT B

## INFORMATICS SOFTWARE PRODUCTS

PRODUCT NAME	FUNCTION	PRICE
<b>SYSTEM SOFTWARE</b>		
- MARK IV®	IMPLEMENTATION LANGUAGE	\$35,000+
- ANSWER/2	REPORT WRITER	15,000+
- INQUIRY IV/IMS <sup>T.M.</sup>	ON-LINE QUERY TO IMS FILES	49,000
- SHRINK®	FILE COMPRESSION	30,000+
- TRANS IV <sup>T.M.</sup>	INTERACTIVE PROCESSING FOR CICS/VS	25,000+
- MARK V	IMS APPLICATIONS GENERATOR	100,000+
- ANSWER/DB	ON-LINE USER REPORTING SYSTEM	25,000+
- TAPS®	INTERACTIVE APPLICATION DEVELOPMENT SYSTEM	20,000
<b>APPLICATION SOFTWARE</b>		
- CORPORATE SHAREHOLDER	STOCK TRANSFER CONTROL	PRICE ON REQUEST
- MARK IV®/AUDITOR	AUDITING TOOL	\$ 19,000
- CS IV®	PHOTOCOMPOSITION SYSTEM	56,000
- LIFE-COMM®	LIFE INSURANCE SYSTEM	450,000
- INVESTMENT MANAGEMENT	STOCK AND BOND; MORTGAGE LOAN	PRICE ON REQUEST
- MANUFACTURING SYSTEMS	MANUFACTURING MANAGEMENT	8,000+
- GROUP-COMM	GROUP INSURANCE SYSTEM	PRICE ON REQUEST
- PROFESSIONAL SOFTWARE/ SYSTEM	LAW OFFICE MANAGEMENT	PRICE ON REQUEST
- CPA SOFTWARE	OFFICE MANAGEMENT, TAX PREPARATION AND AUDIT	PRICE ON REQUEST

interrogation, and reporting using IMS and CICS data base structures. In 1980, Answer/DB, was introduced for on-line reporting with IBM's IMS data base system.

- A companion version to Mark IV, Mark V, was introduced in 1981. Mark V is an applications generator designed to aid the writing of interactive programs for IBM's IMS data base management system.
- The Corporate Development Group has responsibility over new product areas within Informatics.
  - The TAPS Division, acquired from Decision Strategy Corporation in 1980, offers a tool for building transaction processing systems.
    - Functions include on-line system and transaction formatting, data storage and retrieval, data editing, error recovery, and user defined query language.
    - The system operates on DEC, Hewlett-Packard, Harris, Prime, Perkin Elmer, and IBM minicomputers, and all IBM and IBM-compatible mainframes.
    - TAPS is being distributed through the Mark IV sales force, through OEMs and systems houses packaged with some accounting software, and through other companies including Prime, Xylogics, Comserv, Harris, and Nanodata.
    - Informatics plans to use these distribution channels to explore new marketing opportunities.
    - Informatics is also offering TAPS packaged with a DEC PDP-11 minicomputer as a turnkey system. The packaged system costs approximately \$40,000.
  - Project 80 is a research and development program which will package Mark IV on an intelligent terminal to function as an analyst/programmer workstation. The prototype, Informaticom II, is in test locations. Informatics plans to market an updated Informaticom III in 1982.
- Professional Services contributed 29% of 1980 Informatics revenue and 38% of pretax profit. Professional Services is divided into divisions serving the eastern and western portions of the U.S.
  - Professional Services performs general commercial and government contract programming. Information Services Group professional services in the federal operations area differ in that they are data-base and document handling functions.

*military and intelligence applications*

# INFORMATICS INC.

- Approximately 71% of 1980 revenue was derived from commercial clients (including state and local governments) and 29% from federal government agencies. At the end of 1980, Informatics had 230 contracts in effect with commercial clients and 11 with federal agencies.
- Professional Services provides programming support and development services in areas of business applications, data base management, engineering and scientific computing, system conversion, communication systems design and implementation, and hardware and software selection.

## INDUSTRY MARKETS

- Government and commercial revenue mix over the last three years by business segment follows:

	1980	1979	1978
U.S. Government			
• Software Products	1%	1%	1%
• Professional Services	8	12	12
• Processing Services	12	13	10
Commercial			
• Software Products	29	32	34
• Professional Services	20	20	18
• Processing Services	<u>30</u>	<u>22</u>	<u>25</u>
	100%	100%	100%

## GEOGRAPHIC MARKETS

- Informatics' domestic and foreign revenue mix by business segment has been as follows over the last three years:

	1980	1979	1978
Foreign Customers			
• Software Products	10%	10%	10%
• Professional Services	4	2	1
• Processing Services	2	2	1
Domestic Customers			
• Software Products	20	22	25
• Professional Services	25	29	29
• Processing Services	<u>39</u>	<u>35</u>	<u>34</u>
	100%	100%	100%

*Truly  
5 to 10  
Application  
Development  
Service*

## INFORMATICS INC.

- Domestic 1980 revenue was derived approximately as follows:

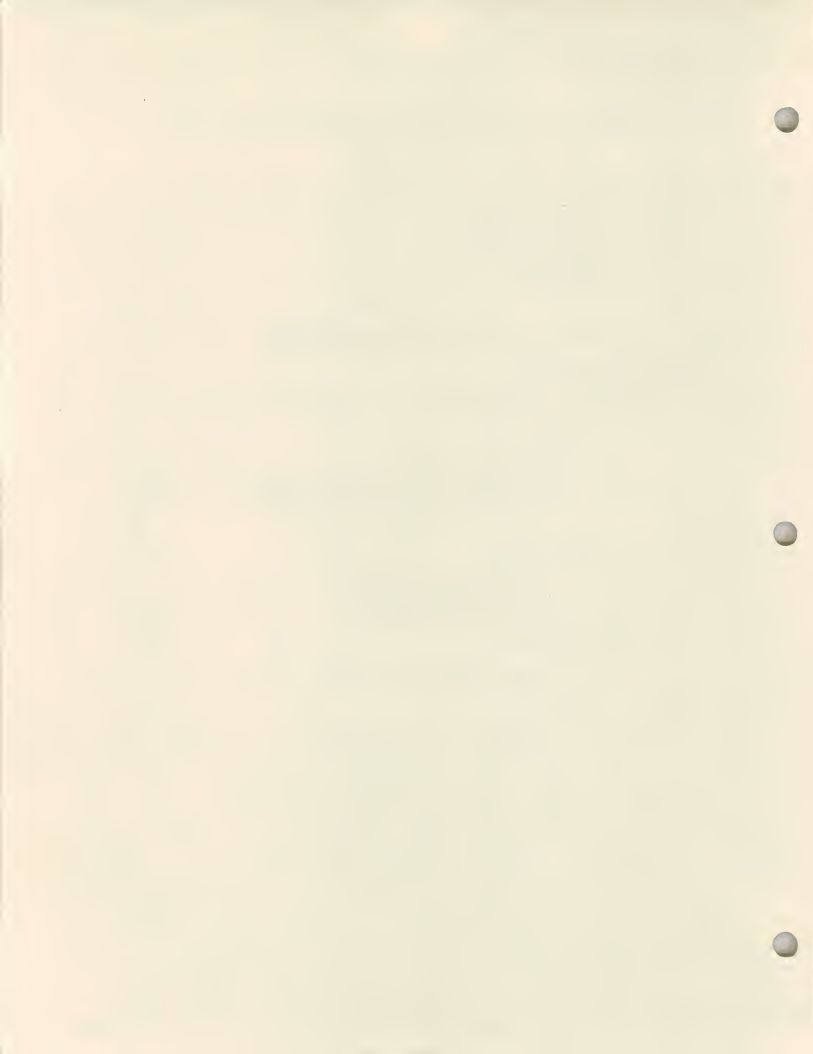
-	South Atlantic	34%
-	Pacific	20
-	Middle Atlantic	17
-	East North Central	10
-	West South Central	7
-	West North Central	5
-	East South Central	3
-	Mountain	2
-	New England	<u>2</u>
		100%

- Informatics maintains 36 U.S. and 9 international offices.

### COMPUTER HARDWARE

- Hardware installed at the four Informatics data centers includes:

- Fairfield (NJ).
  - 1 IBM 370/158, SVS 2.
  - 1 National Advanced System AS-9, VM/CMS.
  - 1 National Advanced System AS-6, SVS2 (will be replaced with MVS).
- Columbus (OH).
  - 1 Amdahl V6 Mod-II, MVT/ASP.
  - 1 IBM 370/168, SVS/HASP.
  - 1 IBM 370/168, MVS/JES2/TSO.
- Riverdale (MD).
  - 1 National Advanced System 7031.
- Dallas (TX).
  - 1 National Advanced System 7031.



## COMPANY HIGHLIGHT

**INFORMATICS INC.**  
21031 Ventura Blvd.  
Woodland Hills, CA 91364  
(213) 887-9040

Dr. Walter F. Bauer, President  
Public Corporation, OTC  
Total Employees: 2,490  
Total Revenues, Fiscal Year End  
12/31/79: \$112,388,000

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### THE COMPANY

- Informatics was established in 1962 as a private company to provide custom programming services. From 1965 to 1974 it operated as a publicly held company. In 1974, a joint agreement was made for The Equitable Life Assurance Society of the United States to acquire all but 10% of Informatics outstanding stock. The two companies developed a five-year plan in which all profits from Informatics would be reinvested in research and development activities to expand its offerings and establish the company in a leadership position in the industry. The plan called for Informatics to go public again at the end of five years. This occurred in October 1979.
- In August 1980, the directors of The Equitable voted to offer its 61% share holdings of Informatics to the public. A secondary public offering of 1.3 million shares of common stock was released in September. At the present time, 90% of Informatics stock is held by the public and 10% is held by Informatics management.
- Informatics reported revenues of \$112.4 million in 1979, an increase of 21% over 1978 revenues of \$92.5 million. Pretax profits showed disappointing results of four-and-one-half percent. A five-year financial summary follows:

INFORMATICS  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ Thousands, Except Per Share Data)

ITEM \ FISCAL YEAR	1979	1978	1977	1976	1975
Total Revenues	\$112,388	\$92,507	\$74,768	\$58,743	\$38,982
Percent change from previous year	21%	24%	27%	51%	32%
Income (loss) before taxes and extraordinary item	\$ 5,128	\$ 3,233	\$ 1,340	\$(1,793)	\$(4,318)
Net income (loss)	\$ 4,470(A)	\$2,703(A)	\$ 940(A)	\$(1,905)	\$(4,468)
Net income (loss) per share	\$ 2.03	\$ 1.15	\$ 0.31	\$(1.00)	\$(2.33)

(A) Includes extraordinary credit for provision of federal income taxes and a portion of the provision of state income taxes offset by the utilization of operating loss carry-forwards.

- Informatics earnings have been influenced by several factors:
  - Operating results include the effect of certain costs associated with the 1974 acquisition, which were recorded over a five-year period ended February 28, 1979. These charges ranged from \$2.2 million to \$1.8 million each year for four years and \$260,000 for two months in 1979.
  - Losses were anticipated in the 1974-1976 period in order to develop new products and services.
- Revenues and contributions to operating profit from Informatics three business segments follows:



COMPANY HIGHLIGHT/INFORMATICS INC.

INFORMATICS  
FIVE-YEAR FINANCIAL SUMMARY  
BY BUSINESS SEGMENT  
(\$ Thousands)

ITEM \ FISCAL YEAR	1979	1978	1977	1976	1975
Software Products					
• Revenue	\$35,699	\$31,850	\$26,451	\$21,493	\$14,648
• Operating Profit* (loss)	1,150	1,602	729	(753)	(2,631)
Professional Services					
• Revenue	\$35,410	\$28,293	\$22,750	\$21,592	\$12,980
• Operating profit**	4,138	2,827	2,111	1,540	1,022
Processing Services					
• Revenue**	\$41,279	\$32,364	\$25,567	\$15,621	\$11,186
• Operating profit* (loss)	3,790	2,441	1,440	(22)	(373)

\* Operating Profit: before interest expense and general corporate expense.

\*\* Excludes intersegment revenues.

- Software Products experienced a modest growth of 12% in revenues over 1978 and essentially broke even for the year, after allocation of corporate and interest costs.
- Professional Services was fully profitable, with revenues increasing 25% and operating profit up 46%.
- Information Processing Services revenues increased 28% over 1978, and operating profit showed a 55% gain. Profits were reduced considerably by the mid-year loss of a major contract on which revenues of approximately \$1.5 million per year were recorded.
- For nine months ended September 30, 1980, Informatics reported revenues of \$91,789,000, a 14% increase over \$80,571,000 reported for the corresponding period in 1979.
- A description of the services provided by Informatics business segments follows:
  - Software Products develops and markets Implementation systems and application products.
  - Professional Services provides programming support to a wide variety of clients in commercial and government sectors.

## COMPANY HIGHLIGHT/INFORMATICS INC.

- Information Processing Services provides consulting services and offers processing services from four data centers with regional specialties:
  - Fairfield (NJ) provides general timesharing and remote processing, network-based services.
  - Columbus (OH) provides proprietary data services to the wholesale distribution industry, principally drug, hardware and industrial supply distributors.
  - Riverdale (MD) offers manual and automated data base and document handling systems which are used in the development of legal, bibliographic and library retrieval systems, clearinghouse operations and photocomposition services.
  - Dallas/Ft. Worth Center offers processing services using the LIFE-COMM insurance system.
- CallData Systems Inc., a subsidiary of Grumman, sold the rights to its IBM-compatible data services contracts to Informatics in February 1980. The Data Services operations in Fairfield and Columbus were designated to pick up the business base of the clients who agreed to transfer the contracts to Informatics. The CallData branch offices involved in the transaction were located in Boston, Long Island and Philadelphia.
- In August 1980, Informatics announced the signing of an agreement in principle for the acquisition of a product developed by Decision Strategy Corp. (DSC). The proposed product acquisition is TAPS, a transaction processing package for IBM-compatible systems and for various small computer systems.
- Informatics employees are segmented by business segment as follows:

### BUSINESS SEGMENT

Information processing	995
Software products	575
Professional services	860
Corporate functions	<u>60</u>
	2,490

- Major competition to Informatics in the software products area stems from IBM, MSA, Cincom, ADR, Pansophic and Cullinane. Information Processing Services competes with General Electric, Control Data Corporation, EDS and Tymshare. Competition in the Professional Services Group comes from Computer Sciences Corporation, Planning Research Corporation and System Development Corporation.

## KEY PRODUCTS AND SERVICES

- Approximately 36% of Informatics 1979 revenues were derived from processing services, 32% from software product sales and 32% from professional services.
- The Information Processing Services group provides data services from four data centers. There are four areas of activities included in Information Processing Services: general data services, data services for the distribution industry, information services and insurance data services. The largest single customer of Informatics data services is The Equitable, which accounted for approximately 10%, or \$4.3 million, of processing revenues in 1979.
  - National remote computing services are offered from the Data Services Division in Fairfield (NJ).
    - Approximately 50% of its revenues are generated from general business applications and 50% from general utility processing.
    - New products added to the network were:
      - IMPACT, a financial reporting and modeling system.
      - TRANSYT IV, a transportation analysis system.
    - The remaining applications on the network are financial-, statistical-or DBMS-related products, as follows:
      - Financial: IMPACT, CUFFS, SIMPLAN, ANALYST, (financial planning) and PREMIS (project planning).
      - Statistical: SAS, AFSTAT, GSA/GSM, SPSS and BIOMED.
      - DBMS: MARK IV, MODEL 204 and RAMIS II. Another DBMS, INQUIRE, is planned for release in the first quarter of 1981.
    - A distributed data processing offering is under development.
    - A full range of practical state-of-the-art IBM computer languages, debuggers, utilities and delivery systems are available for the user requiring general utility processing on a remote basis.
  - Data services to the wholesale distribution industry are provided from the Columbus data center. Primary markets are the more than 1,500 firms with over \$10 million in annual revenues. Clients include distributors across many areas of distribution with concentration in the drug, hardware, industrial supplies, food and automotive parts industries.

## COMPANY HIGHLIGHT/INFORMATICS INC.

- . Applications available include:
  - Order processing.
  - Back order processing.
  - Customer invoice.
  - General accounting.
  - Accounts payable and receivable.
  - Payroll.
  - Inventory management.
  - Scientific buying and forecasting.
  - Buying and purchase order writing.
  - Sales analysis.
  - Retail services.
- . Several new products and services have been added for distribution clients:
  - ORDERNET, an electronic purchase order system, links distributors, wholesalers and manufacturers in the drug and surgical supplies trade. In January 1980, the Chicago-based American Surgical Trade Association, representing more than 800 distributors of medical products and surgical supplies, endorsed for its membership a version of ORDERNET.
  - A distributed data processing system for wholesale/distribution clients was also announced. Called DDPS (Distributed Data Processing System), the new product is offered on Honeywell Level 6 minicomputers.
    - . DDPS provides on-line inquiry and order processing at a client's location while interfacing to the centralized DISTRIBUTION IV System in Columbus. Optional modules for order scheduling, order processing, on-line receiving and direct order entry are available.
- Information services offered from Rockville (MD) cover a variety of services for both business and government clients.
- . Major service activities include:
  - The construction, operation and maintenance of computer-accessible data bases.
  - Computerized search and retrieval systems for use by the legal profession in complex litigation cases.
  - Computer-based services and turnkey systems for libraries.

## COMPANY HIGHLIGHT/INFORMATICS INC.

- The design and operation of information clearing houses.
  - Text editing and photocomposition services for publishers.
  - Professional services to civilian and defense agencies in the federal government.
  - Standalone turnkey systems, as well as service center processing facilities for information storage, search and retrieval applications.
- By the end of 1980, Informatics MINI MARC library system had an installed base of 34 systems in 28 locations in the U.S. and Canada, serving a total of 557 libraries.
    - MINI MARC is a standalone minicomputer system used by libraries for cataloging tasks. MINI MARC contains the entire Library of Congress Machine Readable Cataloging (MARC) data base of approximately 1.5 million records.
    - It allows libraries to automatically produce catalog cards, spine labels and book pocket labels, and can be configured to transfer stored cataloging information for on-line systems, computerized catalogs and automated circulation systems.
  - Representative professional service and development contracts performed from the Rockville facility include:
    - A contract with HEW for the operation of the National Clearinghouse on Alcohol Information.
    - The design and development of a data base and information system for the Saudi Arabian National Center for Science and Technology.
    - A contract with the Interstate Commerce Commission for a data collection and reporting system for regulated carriers.
  - A contract Informatics held for twelve years for the operation of the NASA Scientific and Technical Information Facility was officially awarded to Planning Research in 1980. Pre-tax profits on the contract have contributed approximately \$400,000 per year to Informatics.
  - Processing services provided from the Dallas center are insurance-related. LIFE-COMM®, a very complete software product, provides for life insurance administration, stock and bond portfolio, and mortgage loan application processing.

## COMPANY HIGHLIGHT/INFORMATICS INC.

- The Software Products Group, contributing \$35.7 million (or 32%) of Informatics total revenues, develops and markets systems and applications software products. In 1980, the Minicomputer Applications Products Division was established to provide cross-industry software packages on minicomputers.
  - Informatics most successful product is MARK IV, an implementation system marketed since 1967. Revenues associated with MARK IV have totaled more than \$100 million since it was introduced. In 1979, the Software Products Group derived 51% (\$18.3 million) of its total sales from MARK IV systems.
  - Informatics has incurred substantial costs over the last several years to revitalize its software product line. In 1979, INQUIRY IV, TRANS IV and Answer/2 products were introduced. The new systems allow for the development of systems for inquiry, interrogation and reporting using IMS and CICS data base structures. In 1980, Answer/DB, was introduced for on-line reporting with IBM's IMS data base system.
  - The divestiture of unprofitable products continued in 1980 with the sale of Series IV, a minicomputer product for data entry/validation, to Sosy, S.A. in Switzerland. Other products sold in 1979 were BETACOMM, INTERCOMM, MINICOMM and SCORE.
  - A profile of the major software products marketed by Informatics is presented in Exhibit A.
  - The newly formed Minicomputer Applications Products Division is based in Bedford (NH).
    - Its first product, the System/34 General Ledger and Financial Reporting System, is designed to provide complete financial reporting, allowing comparisons with history and budgeted data, complete cost allocation, profit planning, forecasting and accounts payable.
      - General ledger packages for the HP 3000 and DEC PDP-11/70 systems and conversion of the mainframe version of Accounts Payable/Purchase Order system are in development.
      - The general-ledger package is priced at \$12,500 for standard applications. Additional modules for cost allocations, profit planning and forecasting raise the price to \$21,500.
- Informatics Professional Services organization has been the only operation showing consistent profit margins for the past five years.
  - Professional Services contributed approximately 32% (\$35.4 million) of Informatics total revenues in 1979 and 46% to its operating profits.

## EXHIBIT A

INFORMATICS  
SOFTWARE PRODUCTS

PRODUCT NAME	FUNCTION	PRICE	NUMBER INSTALLED
SYSTEM SOFTWARE			
- MARK IV®	IMPLEMENTATION LANGUAGE	\$35,000+	1,700+
- ANSWER/2	REPORT WRITER	\$15,000+	175
- INQUIRY IV/IMS <sup>T.M.</sup>	ON-LINE QUERY TO IMS FILES	\$49,000	105
- SHRINK®	FILE COMPRESSION	\$30,000+	110
- TRANS IV <sup>T.M.</sup>	INTERACTIVE PROCESSING FOR CICS/VS	\$25,000+	NEW
ANSWER/DB	ON-LINE USER REPORTING SYSTEM	\$25,000+	NEW
TAPS®	INTERACTIVE APPLICATION DEVELOPMENT SYSTEM	\$25,000+	600
APPLICATION SOFTWARE			
- FINANCIALS	COMPLETE ACCOUNTING SYSTEMS*	PRICE ON REQUEST	500+
- CORPORATE SHAREHOLDER	STOCK TRANSFER CONTROL	PRICE ON REQUEST	120
- MARK IV®AUDITOR	AUDITING TOOL	\$19,000	125
- CS IV®	PHOTOCOMPOSITION SYSTEM	\$56,000	NEW
- LIFE-COMM®	LIFE INSURANCE SYSTEM	PRICE ON REQUEST	50+
- INVESTMENT MAN- AGEMENT	STOCK AND BOND; MORTGAGE LOAN	PRICE ON REQUEST	116
- MANUFACTURING SYSTEMS	MANUFACTURING MANAGEMENT	\$ 8,000+	44

\*ACCOUNTING PRODUCTS INCLUDE: GENERAL LEDGER, ACCOUNTS PAYABLE, ACCOUNTS RECEIVABLE,  
FINANCIAL MODELING, PURCHASE ORDER, PAYROLL AND HUMAN RESOURCE

## COMPANY HIGHLIGHT/INFORMATICS INC.

- Approximately 63% of its revenues in 1979 were derived from commercial clients (including state and local governments) and 37% from federal government agencies. At the end of December 1979, Informatics had 150 contracts in effect with commercial clients and 15 with federal agencies.
- Professional Services provides programming support and development services in areas of business applications, data base management, engineering and scientific computing, system conversion, communication systems design and implementation, and hardware and software selection.
- In international activities, Informatics established a new headquarters in Dusseldorf, West Germany for its operations in Central Europe. The new headquarters will be built around the existing subsidiary, Informatics GmbH, and will market software products, professional services and data services in Germany, Austria and Switzerland.

**INDUSTRY MARKETS** In 1979, Informatics derived 74.4% of its revenues from commercial clients and 25.6% from government sources.

## GEOGRAPHIC MARKETS

- Informatics clients are located worldwide. Approximately 86.5% of Informatics 1979 revenues came from domestic clients and 13.5% from international clients. The company maintains thirty-six offices in the U.S. and nine outside the country. In addition to corporate facilities at Woodland Hills, operating unit headquarters are located at Rockville, Maryland; Columbus, Ohio; and Woodland Hills and Canoga Park, California.
- Total U.S. revenues are derived from the following regions:

East North Central	10.2%
Pacific States	
(including Hawaii and Alaska)	20.3
East South Central	2.4
West North Central	4.9
Middle Atlantic	17.3
Mountain	2.1
New England	1.6
South Atlantic	34.1
West South Central	<u>7.1</u>
	100%

## COMPUTER HARDWARE

- Hardware installed at the four data centers operated by Informatics includes:



## COMPANY HIGHLIGHT/INFORMATICS INC.

- Fairfield (NJ).
  - . One IBM 370/158, SVS 2.
  - . One National Advanced System AS-6 VM/CMS.
  - . One National Advanced System AS-6, SVS2 (will be replaced with MVS).
- Fairfield also uses one of the 370/168's installed in Columbus for TSO and batch processing.
- Columbus (OH).
  - . One Amdahl V6 Mod-II, MVT/ASP.
  - . One IBM 370/168, SVS/HASP.
  - . One IBM 370/168, MVS/JES2/TSO.
- Riverdale (MD).
  - . One NAS 7031 (IBM 3031 compatible).
- Dallas (TX).
  - . National Advanced System 7031.



Janet Wheaton

## COMPANY HIGHLIGHT

FY 1979  
\$112,388,000

**INFORMATICS, INC.**  
21031 Ventura Blvd.  
Woodland Hills, CA 91364  
(213) 887-9040

Dr. Walter F. Bauer, President  
Public Corporation, OTC  
Total Employees: 2,650  
Total Revenues, Fiscal Year End  
12/31/78: \$92,507,000

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### THE COMPANY

- For 17 years Informatics has provided custom programming services. The company now achieves all of its revenues from software product sales, professional services and processing services.
- In 1974 Informatics was acquired by The Equitable Life Assurance Society of the United States. In October 1979, Informatics became a public company with stock trading on the over-the-counter exchange. The Equitable still retains a 63% ownership of Informatics.
- Informatics' revenues in 1978 increased to \$92,507,000, up 24% from 1977 revenues of \$74,768,000. Income before taxes was up 141% to \$3,233,000, over 1977 income of \$1,340,000. Net income in 1978 was a gain of 188% over 1977, although a portion of this gain is attributed to an extraordinary item.
  - Revenues for the nine month period ended September 30, 1979 were up 26% to \$80,571,000 as compared to 1978 revenues for the same period of \$63,854,000.
- As shown in the following five year financial summary, Informatics was not profitable for a three year period (1974-1976).
  - A five year plan was formulated in 1974 which called for a significant investment in new products and services. Losses were envisioned by management for the 1974 through 1976 period when the company expended considerable sums in the development and purchase of new software products (including a multi-million dollar investment in the development of LIFE-COMM R), and expenditures associated with the development of a computer and communications network.
  - These losses were also due to the substantial write-off of the purchase of Informatics by The Equitable.

INFORMATICS  
FIVE YEAR FINANCIAL SUMMARY  
(\$ Thousand, Except Per Share Data)

ITEM \ FISCAL YEAR	1978	1977	1976	1975	1974
Total Revenues	\$92,507	\$74,768	\$58,743	\$38,982	\$29,527
Percent change from previous year	24%	27%	51%	32%	57%
Income (loss) before taxes and extra-ordinary item	\$3,233	\$ 1,340	\$(1,793)	\$(4,318)	\$(1,695)
Net income (loss)	\$2,703(A)	\$ 940(A)	\$(1,905)	\$(4,468)	\$(1,398)
Earning (loss) per share	\$ 1.15	\$ .31	\$( 1.00)	\$( 2.33)	\$( .73)

(A) Includes Extraordinary Credit for provision of Federal Income Taxes and a portion of the provision of State Income Taxes was offset by the utilization of operating loss carry-forwards.

- The three principal business segments of Informatics are:
  - Software Products which develops and markets system and application products.
  - Professional Services provides programming support to a wide variety of clients in commercial and government sectors.
  - Information Processing Services provides consulting services and offers processing services from four data centers with regional specialties:
    - Fairfield, NJ provides general timesharing and remote processing network based services.
    - Columbus, OH provides proprietary data services to the wholesale distribution industry, principally drug, hardware and industrial supply distributors.
    - Riverdale, MD offers manual and automated data base and document handling systems which are used in the development of legal, bibliographic, library retrieval systems, clearinghouse operations, and photocomposition services.
    - Dallas/Ft. Worth Center offers processing services using the LIFE-COMM insurance system.
- Informatics' employees are segmented by function and business segment as follows:

# COMPANY HIGHLIGHT/INFORMATICS, INC.

FUNCTION		BUSINESS SEGMENT	
Marketing/sales	450	Information processing	880
Operations	1,600	Software products	650
R & D	340	Professional services	1,070
General and administrative	260	Corporate functions	50
	2,650		2,650

- Major competition to Informatics in the software products area stems from products offered by IBM, MSA, Cincom, ADR, Pansophic and Cullinane. Information Processing Services competes with General Electric, Control Data Corporation, EDS, and Tymshare. Competition in the Professional Services Group comes from Computer Sciences Corporation, Planning Research Corporation, and System Development Corporation.

## KEY PRODUCTS AND SERVICES

- Approximately 36% of Informatics 1978 revenues were derived from processing services, 34% from software product sales, and 30% from professional services. Following is a five year summary of revenues received from these three business segments:

### INFORMATICS FIVE YEAR FINANCIAL SUMMARY BY BUSINESS SEGMENT (\$ Thousands)

FISCAL YEAR		1978	1977	1976	1975	1974
ITEM						
Software Products						
.Revenue	\$31,850	\$26,451	\$21,493	\$14,648	\$11,956	
.Operating Profit (loss)	1,602	729	(753)	(2,631)	(354)	
Professional Services						
.Revenue	\$28,293	\$22,750	\$21,592	\$12,980	\$ 9,759	
.Operating profit	2,827	2,111	1,540	1,022	743	
Processing Services						
.Revenue	\$32,972	\$26,228	\$16,227	\$11,529	\$ 7,376	
.Operating profit (loss)	2,441	1,440	(22)	(373)	(350)	

- The Software Products Group develops and markets system software and application products. Contributing approximately \$32 million towards 1978 revenues, about 30% (\$9.6 million) was derived from services associated with product sales. A profile of the products marketed is presented in Exhibit A.

EXHIBIT A  
INFORMATICS  
SOFTWARE PRODUCTS

PRODUCT NAME	FUNCTION	PRICE	NUMBER INSTALLED
SYSTEM SOFTWARE			
- MARK IV	IMPLEMENTATION LANGUAGE	\$15,000+	1,500+
- ANSWER/2	REPORT WRITER	\$15,000+	10+
- SERIES IV	DATA ENTRY/VALIDATION PDP-11	\$10,000+	50
- INQUIRY IV/IMS	ON-LINE QUERY TO IMS FILES	\$40,000	50+
- SHRINK	FILE COMPRESSION	\$30,000+	75+
- TRANS IV	INTERACTIVE PROCESSING FOR CICS/VS	\$25,000+	NEW
APPLICATION SOFTWARE			
- FINANCIALS	COMPLETE ACCOUNTING SYSTEMS*	PRICE ON REQUEST	500+
- CORPORATE SHAREHOLDER	STOCK TRANSFER CONTROL	PRICE ON REQUEST	120
- MARK IV/AUDITOR	AUDITING TOOL	\$19,000	40+
- MARK IV/EEO	AFFIRMATIVE ACTION	\$25,800	25
- CS IV	PHOTOCOMPOSITION SYSTEM	\$56,000	NEW
- LIFE-COMM	LIFE INSURANCE SYSTEM	PRICE ON REQUEST	50+
- INVESTMENT MANAGEMENT	STOCK AND BOND; MORTGAGE LOAN	PRICE ON REQUEST	116
- BIBPRO IV	BIBLIOGRAPHIC DATA	\$22,000	10
- MANUFACTURING SYSTEMS	MANUFACTURING MANAGEMENT	\$ 8,000+	44

\* ACCOUNTING PRODUCTS INCLUDE: GENERAL LEDGER, ACCOUNTS PAYABLE, ACCOUNTS RECEIVABLE, FINANCIAL MODELING, PURCHASE ORDER, PAYROLL AND HUMAN RESOURCE

## COMPANY HIGHLIGHT/INFORMATICS, INC.

- The company's most successful product is MARK IV, an implementation system. From the time it was first introduced in 1967 through June 30, 1979, MARK IV has contributed almost \$87 million in revenues.
- Informatics has divested itself of several non-profitable products. These were:
  - Sale of the Group/3 activity which involved the marketing of computer software and hardware accessories for small computers.
  - Sale of the title and marketing rights to several products: BETACOMM to Retidata; INTERCOMM, MINICOMM, and SCORE to Software Design Associates.
- Professional Services are provided to both commercial and government clients. At the present time, Informatics has approximately 210 contracts with commercial firms and 25 contracts with Federal Government agencies to supply professional services.
- Information processing provides data services from four data centers and also offers services such as information collection and handling activities for government clients, markets a library information product, provides legal information services, and photocomposition.
  - National remote computing services are offered from the Data Services Division in Fairfield. Application products available on the network primarily relate to data base and financial activities as follows:
    - DBMS: MARK IV, MODEL 204, RAMIS II.
    - Financial: ACCOUNTING IV, SIMPLAN, ABC (financial planning), PREMIS (project planning), AFSTAT and SAS (statistical analysis), SPSS and BIOMED.
  - Data services for the wholesale distribution industry are provided to approximately 100 clients in the over \$10 million range from the Columbus center. Consulting and educational services are also offered. Clients include distributors in the drug industry, industrial hardware, plumbing and heating, floor covering, and auto parts. The majority of clients have in-house RJE or minicomputer equipment connected to the Informatics network for data entry/validation functions. Operating primarily in remote batch, applications available include:
    - Order processing.
    - Back order processing.
    - Customer invoice.
    - General accounting.
    - Accounts payable and receivable.
    - Payroll.
    - Inventory management.
    - Scientific buying and forecasting.
    - Buying and purchase order writing.
    - Sales analysis.
    - Retail services.
  - The information services operation in Riverdale provides processing services in support of litigation, photocomposition, word processing, and

## COMPANY HIGHLIGHT/INFORMATICS, INC.

data base activities (MARK V, RECON IV/STEMS IV, and WYLBUR are available). MINI-MARC, a turnkey system for libraries, is also marketed from this group.

- Processing services provided from the Dallas/Ft. Worth data centers are insurance related. Serving approximately ten clients, LIFE-COMM, a life insurance administration capability, stock and bond portfolio, and mortgage loan applications are available.

**INDUSTRY MARKETS** Informatics derived its 1978 revenues from the following industries:

Discrete Manufacturing	10.9%
Process Manufacturing	6.9
Transportation	3.2
Utilities	3.6
Banking and Finance	7.0
Insurance	16.9
Medical	2.0
Education	0.8
Retail	1.3
Wholesale	7.1
Federal Government	25.5
State and Local Government	4.5
Services	6.1
Other	4.2
	<hr/> 100.0%

## GEOGRAPHIC MARKETS

- Informatics' clients are located worldwide. The company maintains 33 offices in the U.S. and 11 outside the country. In addition to corporate facilities at Woodland Hills, operating unit headquarters are located at Rockville, Maryland; Columbus, Ohio; and Woodland Hills and Canoga Park, California.
- Total U.S. revenues are derived from the following regions:

Northeast	22%
Pacific States	
(including Hawaii and Alaska)	19
South Central	8
North Central	13
Midwest	4
Mountain	1
New England	9
Southeast	24
	<hr/> 100%



## COMPANY HIGHLIGHT/INFORMATICS, INC.

- In 1978, overseas revenues were approximately 9% of the total.

### COMPUTER HARDWARE

- Hardware installed at the four data centers:
  - Fairfield, NJ.
    - IBM 370/158.
    - 2 Itel AS-6.
  - Columbus, OH.
    - Amdahl V6, VS.
    - 2 IBM 370/168, MVS.
  - Riverdale, MD.
    - Itel AS-5, MVS.
    - Harris Fototronic.
  - Dallas/Ft. Worth, TX.
    - CDC Omega II.
    - Itel AS-5.



Janet Wharton "Janet".  
Manager, Corporate Communications

## COMPANY HIGHLIGHT

**INFORMATICS, INC.**  
21031 Ventura Boulevard  
Woodland Hills, CA 91364  
(213) 887-9040

Walter F. Bauer, President  
Subsidiary of the Equitable Life  
Assurance Society of the United  
States  
Total employees: 2,300  
Total revenues fiscal year end  
12/31/77: \$75,600,000

---

### THE COMPANY

- Informatics, Inc. was organized in Los Angeles in 1962, to provide custom software development and contract programming to the government marketplace. Its first standard software product, MARK IV, was offered in 1967. It went public in 1969. In early 1974, the company became a subsidiary of The Equitable Life Assurance Society of the United States, the nation's third largest life insurance company.
- Informatics now provides software products, information processing services, contract programming, and technical and consulting services to both the commercial and government markets.
  - The company is one of the world's largest independent software products vendors. Its more than 20 packages have 3,000 installations in 44 countries.
  - Revenues from these software products exceeded \$27,000,000 in 1977.
  - Informatics' top selling product, MARK IV, is one of the most successful software products ever marketed.
- The company's revenues increased 27% between fiscal 1976 and fiscal 1977 from \$59.3 million to \$75.6 million. Commercial sales increased from 74% to 75% of total revenues including parent-generated revenues which declined from 7% to 5% of the total for the same period. Federal Government revenues, while increasing in dollars, have declined as a percentage of total revenues from 53% in 1971 to 25% in 1977. As planned, 1977 was the first of two years of "transition to normal profitability," following three years of profit plow-back for growth.
- Informatics has historically placed heavy emphasis on growth. Revenues more than tripled between 1972 and 1977 from \$22.1 million to \$75.6 million. Two of the company's recent major acquisitions were:

November 1978

## COMPANY HIGHLIGHT/INFORMATICS, INC.

- Programming Methods, Inc. (PMI) in 1975, a software products and professional services company which added \$13 million in new annual revenues.
- Management Horizons Data Systems, Inc. (MHDS) in 1977, a data processing facility supplying management consulting and business data processing services to the distribution industry. MHDS annual sales total approximately \$7.8 million.
- Although growth is expected to continue, management is now spending more time on internal organization and efficiency. The company's general business mix during the next couple of years is expected to remain unchanged.

## KEY PRODUCTS AND SERVICES

- Informatics products and services generate fairly even revenues, as shown below:

<u>Category</u>	<u>1977 Revenues</u>	<u>% of Total Revenues</u>	<u>% Increase Over 1976</u>
Professional Services	\$23.5M	31%	5%
Software Products	26.4	35	25
Information Processing Services	25.7	34	63
	\$75.6M	100%	

- The company's professional services staff provides systems development, contract programming, systems evaluation, and consulting services for general business and scientific and engineering applications.
- Informatics' software products have an installed base of more than \$100 million in 1977. Representative products include:
  - MARK IV: a systems software product tool providing data management, file management, and on-line systems development for designing, developing, and operating batch and on-line data processing systems. With more than 1,300 installations in the U.S. and 43 foreign countries, MARK IV has generated revenues in excess of \$63 million.
  - The MONITOR IV products, INTERCOMM, BETACOMM, and MINICOMM are customized teleprocessing monitors which interface between IBM System/360/370 operating systems and user applications programs. Currently, installed at a total of 329 sites, the MONITOR IV products were acquired with Programming Methods, Inc.

## COMPANY HIGHLIGHT/INFORMATICS, INC.

- Other software products are:
  - . LIFE-COMM (a life insurance home office administration system)
  - . ACCOUNTING IV
  - . PRODUCTION IV
  - . Corporate Shareholder System
  - . Stock & Bond
  - . Mortgage Loan
  - . SCORE
  - . SHRINK
  - . MARK IV/EEO
  - . MARK IV/Auditor
  - . MARK IV/Reporter
  - . BIBPRO IV
  - . RECON IV/STIMS IV
  - . MANAGEMENT IV
  - . SERIES IV
  - . CS IV
  - . DISTRIBUTION IV
  - . INQUIRY/ims
- LIFE-COMM is being installed at 20 insurance companies.
- Data services are interactive and remote computing services, including data collection and analysis, and photocomposition. Specific services include access to medical data bases and litigation information systems.

**APPLICATIONS** Informatics offers software products for accounting, financial, life insurance, and manufacturing and distribution management. Contract services provide general business and scientific and engineering applications.

### INDUSTRY MARKETS

- Informatics Equimatics Division, located in Dallas, Texas, specializes in software products, data services, and consulting for the insurance industry.
- Government revenues from contract programming and technical services comprised 25% of Informatics sales in fiscal 1977 and encompassed 650 Informatics employees. This included contract programming employees at the Ames Research Center and at the Jet Propulsion Laboratory in addition to technical personnel performing library, abstracting, classifying, and publication services at other government sites.
- The company's software products and data services are marketed to a wide range of industries: medical/hospital, law, insurance, and government, in addition to a variety of commercial installations.

## COMPANY HIGHLIGHT/INFORMATICS, INC.

### GEOGRAPHIC MARKETS

- Informatics clients are located worldwide. The company maintains <sup>33</sup>34 offices in the U.S. and <sup>11</sup>12 outside the country. In addition to corporate facilities at Woodland Hills, operating unit headquarters are located at Rockville, Maryland; Columbus, Ohio; and Woodland Hills, California. *Canoga Park*
- Total U.S. revenues are derived from the following regions:

Northeast	22%
Pacific States	
(including Hawaii and Alaska)	19
South Central	8
North Central	13
Midwest	4
Mountain	1
New England	9
Southeast	24
	<u>100%</u>

- Overseas revenues, 9% of the total, <sup>*in 1978*</sup> are currently derived from 30 countries throughout the world. *used approx*

### COMPUTER HARDWARE AND SOFTWARE

- Informatics has an IBM System/370 Model 158 computer and Intel AS/5 and AS/6 computers located in Fairfield, NJ, and two IBM System/370 Model 168 CPUs located in Columbus, Ohio. Together, they form the heart of its nationwide data services network.
- In addition, smaller computers are used at various other locations for product development, maintenance, and local data services.

Janet Wharton  
Mgr Corp Comm

COMPANY HIGHLIGHT

INFORMATICS INC  
21031 Ventura Boulevard  
Woodland Hills, California 91364  
(213) 887-9040

Dr. Walter F. Bauer, President  
Subsidiary of the Equitable Life  
Assurance Society of the  
United States  
Total employees: 2200  
Revenues for fiscal year ending  
12/31/76: \$59,300,000

12/31/77 76.5

THE COMPANY

- Informatics, Inc. was organized in Los Angeles in 1962, to provide custom software development and contract programming to the government marketplace. Its first standard software product, MARK IV, was offered in 1967. It went public in 1969. In early 1974, the company became a subsidiary of The Equitable Life Assurance Society of the United States, the nation's third largest life insurance company.
- Informatics now provides software products, data services, contract programming, technical, and consulting services to both the commercial and government markets.
- The company is one of the world's largest independent software products vendors. Its more than a dozen packages have 2,800 installations in 43 countries. Revenues from these software products exceeded \$21,000,000 in 1976. Informatics' top selling product, MARK IV, is one of the most successful software products ever marketed.
- The company's revenues increased 50% between 1975 and 1976 from \$39.4 million to \$59.3 million. Commercial sales increased from 68% to 74% of total revenues while parent-generated revenues declined from 11% to 7% of the total for the same period. Federal Government revenues, while increasing in dollars, have declined as a percentage of total revenues from 53% in 1971 to 26% in 1976. Informatics is continuing its three year policy of reinvesting profits into new product development.
- Informatics has historically placed heavy emphasis on growth. Revenues nearly tripled between 1972 and 1977 from \$22.1 million to \$59.3 million. Two of the company's recent major acquisitions were Programming Methods, Inc. (PMI) in 1975, a software products and professional services company which added \$13 million in new annual revenues; and Management Horizons Data Systems, Inc. (MHDS) in 1977, a data processing facility supplying management consulting and business data processing services to the distribution industry. MHDS annual sales total approximately \$7.8 million.

## COMPANY HIGHLIGHT/INFORMATICS INC.

- Although growth is expected to continue, management is now spending more time on internal organization and efficiency. The company's general business mix during the next couple of years is expected to remain unchanged.

### KEY PRODUCTS AND SERVICES

- Informatics products and services generate fairly even revenues, as shown below:

<u>Category</u>	<u>1976 Revenue</u>	<u>% of Total</u>	<u>% Incr. over '75</u>
Professional Services	\$22.4 m	38%	65%
Software Products	21.1 m	35	46
Data Services	15.8 m	27	40
TOTAL	\$59.3 m	100%	

- The company's professional services staff provides systems development, contract programming, systems evaluation and consulting services for general business and scientific and engineering applications.
- Informatics software products have an installed base of more than \$100 million in 1977. Representative products include:
  - MARK IV: a systems software product tool providing data management, file management, and on-line systems development to design, develop, and operate batch and on-line data processing systems. With more than 1100 installations in the U.S. and 42 foreign countries, Mark IV has generated revenues in excess of \$56 M. The sales of MARK IV increased 32% in 1976 over 1975 worldwide and more than 200% outside the U.S. and Canada.
  - The MONITOR IV products, INTERCOMM, BETACOMM, and MINICOMM are customized teleprocessing monitors which interface between IBM 360/370 operating systems and user applications programs. Currently installed at a total of 285 sites, the MONITOR IV products were acquired with Programming Methods Inc.
  - Other software products such as LIFE-COMM III (a life insurance home office administration system), ACCOUNTING IV, PRODUCTION IV, Corporate Shareholder System, ISSUE-COMM, Stock & Bond, Mortgage Loan, SCORE, SHRINK, CL\*IV, MARK IV/EEO, MARK IV/Auditor, MARK IV/Reporter, BIBPRO IV, and RECON IV/STIMS IV.
  - LIFE-COMM III, being installed at 30 insurance companies, is marketed under the Equimatics name.



## COMPANY HIGHLIGHT/INFORMATICS INC.

- Data services are interactive and remote computing services, including data collection and analysis, and photocomposition. Specific services include access to medical data bases and litigation information systems.

APPLICATIONS: Informatics offers software products for accounting, financial, life insurance, and manufacturing management. Contract services provide general business and scientific and engineering applications.

### INDUSTRY MARKETS:

- Informatics' Equimatics Division, located in Dallas, Texas, specializes in software products, data services, and consulting for the insurance industry.
- Government revenues from contract programming and technical services comprised 26% of Informatics sales in 1976 and encompassed 500 Informatics employees. This included contract programming employees at the Ames Research Center and at the Jet Propulsion Laboratory in addition to technical personnel performing library, abstracting, classifying, and publication services at other government sites.
- The company's software products and data services are marketed to a wide range of industries: medical/hospital, law, insurance, and government, in addition to a variety of commercial installations.

### GEOGRAPHIC MARKETS:

- Informatics clients are located worldwide. The company maintains 44 offices in the U.S. and 6 outside the country. In addition to Corporate and International Marketing facilities at Woodland Hills, operating unit headquarters are located at River Edge, N.J.; Dallas, Texas; Rockville, Maryland; and Canoga Park, California.

- Total revenues are derived from the following U.S. regions:

Northeast	60%
Pacific States	
(including Hawaii and Alaska)	14%
South Central	8%
North Central	8%
Midwest	3%
Mountain	1%
New England	3%
Southeast	3%

COMPANY HIGHLIGHT/INFORMATICS INC.

COMPUTER HARDWARE AND SOFTWARE: Informatics has two IBM 370/158 computers, located in Fairfield, N.J. and two IBM 370/168's located in Columbus, Ohio which form the heart of its nationwide data services network. In addition, smaller computers are used at various other locations for product development, maintenance, and local data services.

COMPANY INFORMATICS

FY 12/31

FISCAL YEAR	ANNUAL REVENUE (\$millions)	ANNUAL GROWTH RATE (%)	COMMENTS
1971	<u>18</u>	<u>                    </u>	Acquisitions:
1972	<u>22</u>	<u>                    </u>	1977: Management Horizons Data Systems
1973	<u>28</u>	<u>                    </u>	1976: Programming Methods, Inc.
1974	<u>33</u>	<u>                    </u>	1974: Equinatics (merger) System Three
1975	<u>39</u>	<u>                    </u>	Information Systems Co.
1976	<u>59</u>	<u>                    </u>	Western Systems Co.
1977	<u>76</u>	<u>                    </u>	MARK IV Systems Co.
			1978: SDA Corp.
			Informatics Tisco Inc.
1978	<u>                    </u>	<u>                    </u> %	Previous years Average
	<u>                    </u>	<u>                    </u> %	1977-1978
		<u>                    </u>	Max Rate Projected
		<u>                    </u>	Min Rate Projected
1979	<u>                    </u>	<u>                    </u>	<u>                    </u>
1980	<u>                    </u>	<u>                    </u>	<u>                    </u>
1981	<u>                    </u>	<u>                    </u>	<u>                    </u>
1982	<u>                    </u>	<u>                    </u>	<u>                    </u>
1983	<u>                    </u>	<u>                    </u>	<u>                    </u>

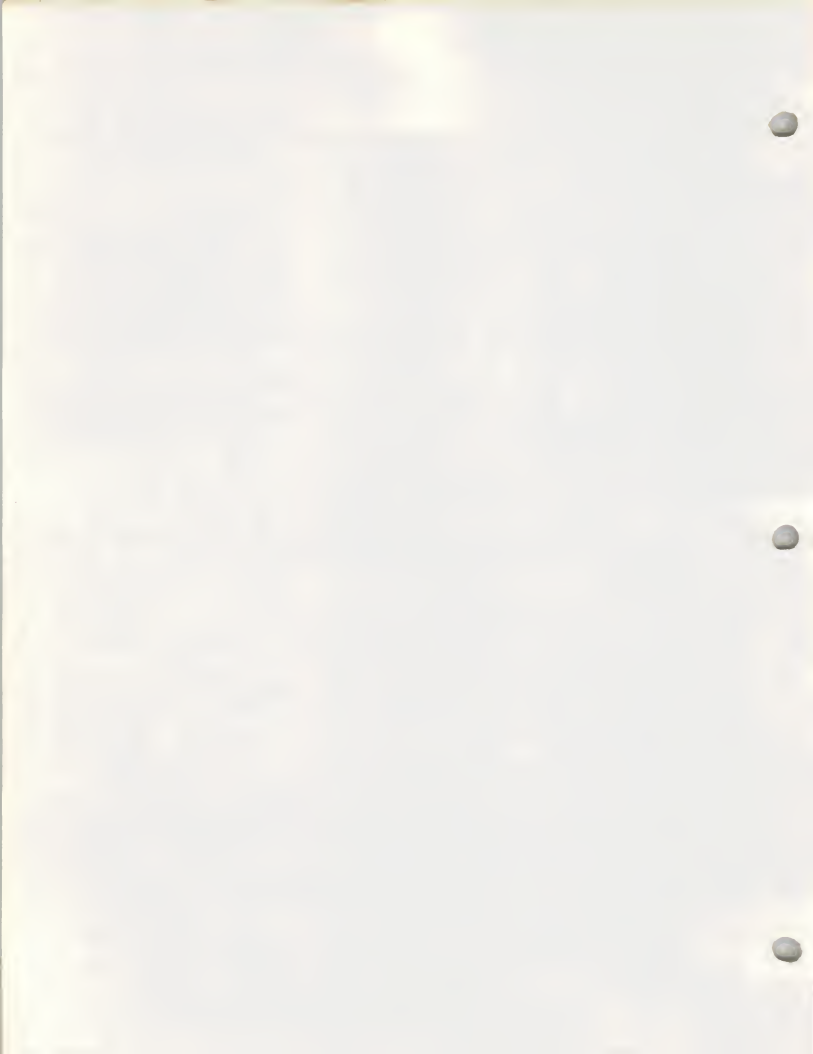


## TOTAL REVENUES - FISCAL YEAR END

## ACQUISITION

## (INFORMATION)

COMPANY	1978	1977	1976	1975	ACQUIRED Company	Place	Date	Rev.
CDC Tot.					Computing Assoc. Inc. ? Amer. Health Corp. ↳ Don't sit on Board	Juscor AZ NYC	4/28/78 ? 8/77 B AHG.	cons to mining ? keep ind
Data Sec 12/31		300.80 1,512.88	247.4 1,358.26	221.2 1,246.37				
GE 12/31			120.00	100.00				
Informatics 12/31		75.6	59.3	39.4	Direct Data Sys. - acctg sys acq from Grafhound See other sheet for continuation of acquisitions			



COMPANY	1974	1973	1972	1971	ACQUIRED Company	Place	Date	Rev.
Steel Corp	143.50	108.50	40.50	19.60	See other page for continued acquisitions			
Steel DS	17.30	12.20	10.10	6.70	Statistics Port Mgt Steel Data Services Travelcon Transportation Mgt. DCS Ctr. Ecos. Inc. Chicago-based Co. Pyramid Indus. Dees buena V. CA Alpha Omega Corp Hawaii Control Corp	Philadel Salt Lake City NYC Chicago LA Long Beach Oakland Tacoma	1969 1969 1971 1973 1971 1972 1974 1974 1974 1978	DP 2.80 on-line GB motor carrier in real estate payroll country-wide op automated ledger dvc to 1200 acc retailers health.
CDC TOTAL CDC-DS	1,101.14 157.2	948.2 143.6			See other sheet for acquisitions			
UCC w/ly	72.51 88.81	76.04 79.83	73.21 74.91	70.74 74.01				
Informatics	33.1	27.7	28.1	18.4	Mgt Horizons Data Sys Programming Method Necy - SYSTEMATICS System Three Cora Tech. Co. Info Sys. Co. MARK IV Supt Co. Western Systems Co. tried to acq. Autocomp SDA Corp P. ...	Dallas NY DC	1977 1975 1974 1974	sft. the bus cptr.
						Delaware	1973 1973 1973	1.0M-72 12/72





## INPUT CONTACT REPORT

COMPANY: <u>INFORMATICS/HADS</u>	DATE OF CONTACT	REASON FOR CONTACT	RELATING TO
NAME: <u>DICK KAYLOR</u>	<u>PM</u>	<input type="checkbox"/> SALES	<input type="checkbox"/> MAS
TITLE: <u>CHIEF V.P.</u>	INIT.	<input type="checkbox"/> INQUIRY	<input type="checkbox"/> CAMP
ADDRESS:	INIT.	<input type="checkbox"/> INTERVIEW	<input type="checkbox"/> CUSTOM
		<input checked="" type="checkbox"/> OTHER	ID <u>Y-INF.</u>
PHONE ( ) -	<input type="checkbox"/> PHONE		<input type="checkbox"/> OTHER
<input type="checkbox"/> MAIL LIST	<input checked="" type="checkbox"/> VISIT		ID

DISCUSSION: <sup>\$7 million in distribution</sup> Have about 100 terminals in <sup>distribution</sup> 85 companies - average size \$15M.  
 • Obtain 50/60% of \$ expended on EDP by such sized companies.  
 • Also serving Citicorp Bcs. for travellers checks (about \$1/2 million per year).  
 • Target on companies in \$10-\$50 million range - estimate 900 in these target categories. Penetration 15% in drug, 29% in hardware, also in industrial supplies, plumbing heating air conditioning, and miscellaneous.  
 • Interested in applications services and minis.  
 Have 370/168 3 May from Aug 74, Tel dials, CDC keys, COMCON find end. -  
 Moving to RSC from Fairfield. going from ASP to HASP/SVS.

BUSINESS DEVELOPMENT POTENTIAL: \_\_\_\_\_

☐ EXTRA PAGE(S) ATTACHED

ACTION DIST	DESCRIBE ACTION OR FOLLOW-UP	BY WHEN	DONE	INFO DIST
				WPS
				Caroline
				Ed

WHITE•DIST

GREEN•PROJECT

YELLOW•CONTACT

PINK•EXEC

GOLDEN ROD•ORIGINATOR



## COMPANY HIGHLIGHT

INFORMATICS INC  
21031 Ventura Boulevard  
Woodland Hills, California 91364  
(213) 887-9040

Dr. Walter F. Bauer, President  
Subsidiary of the Equitable Life  
Assurance Society of the  
United States  
Computer service employees: 1800  
Revenues for fiscal year ending 12/76:  
\$57,000,000 (estimate)\*

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### COMPANY BACKGROUND:

- Informatics provides software products, data services, contract programming, technical and consulting services to the commercial and government marketplace.
- The company was organized in Los Angeles in 1962, with the bulk of its early business being government-oriented. In 1969, Informatics went public. In early 1974, the company became a subsidiary of The Equitable Life Assurance Society of the United States, the nation's third largest life insurance company.

### OVERALL ASSESSMENT:

- Informatics is one of the largest computer services firms in the country. Although governmental work accounted for 53% of revenues in 1971, this percentage was down to 32% in 1975 and is expected to continue to decrease in the future.
- The company is one of the world's largest software products vendors with over a dozen packages in its product line and revenues from software products in excess of \$16,000,000 annually. Informatics' top selling product, MARK IV, is one of the most successful software products ever marketed with over 1,000 installations in the U.S. and 42 foreign countries. Revenues to date have exceeded \$40,000,000.
- Informatics' information processing services and contract programming/consulting units each contribute revenues close to the \$16,000,000 level provided by software products.
- In the past, Informatics has placed heavy emphasis on growth. The company has tripled in size in the past five years. Its last major acquisition, Programming Methods, Inc., was completed in late 1975 and brought \$13,000,000 in new annual revenues.

\*Estimate by Informatics, Inc. management

December/1976  
70.1

INPUT

## COMPANY HIGHLIGHT/INFORMATICS INC

- Although growth is expected to continue, management is now spending more time on internal organization and efficiency. The company's general business mix during the next couple of years is expected to remain unchanged.

### PRODUCTS AND SERVICES:

- Informatics offers a wide range of software products including:
  - MARK IV: a software product tool providing data management, file management, and on-line systems development to design, develop, and operate batch and on-line data processing systems.
  - INTERCOMM, BETACOMM and MINICOMM: three teleprocessing monitors which interface between IBM 360/370 operating systems and user application programs. They were developed by Programming Methods Inc. and are currently installed at a total of 320 sites.
  - Other software products such as LIFE-COMM III (a life insurance home office administration system), ACCOUNTING IV, PRODUCTION IV, CORPORATE SHAREHOLDER, ISSUE-COMM, Stock & Bond, Mortgage Loan, SCORE, SHRINK, CL\*IV, and PREMISE.
- The company provides nationwide data services, including timesharing, as well as commercially-oriented consulting and programming resources.
- Government activities employ 500 people. Informatics has contract programming employees at the Ames Research Center and at the Jet Propulsion Laboratory. Technical company personnel also perform library, abstracting, classifying and publication services at other government sites.

APPLICATIONS: Informatics offers software products for accounting, financial, life insurance, and manufacturing management.

### INDUSTRY MARKETS:

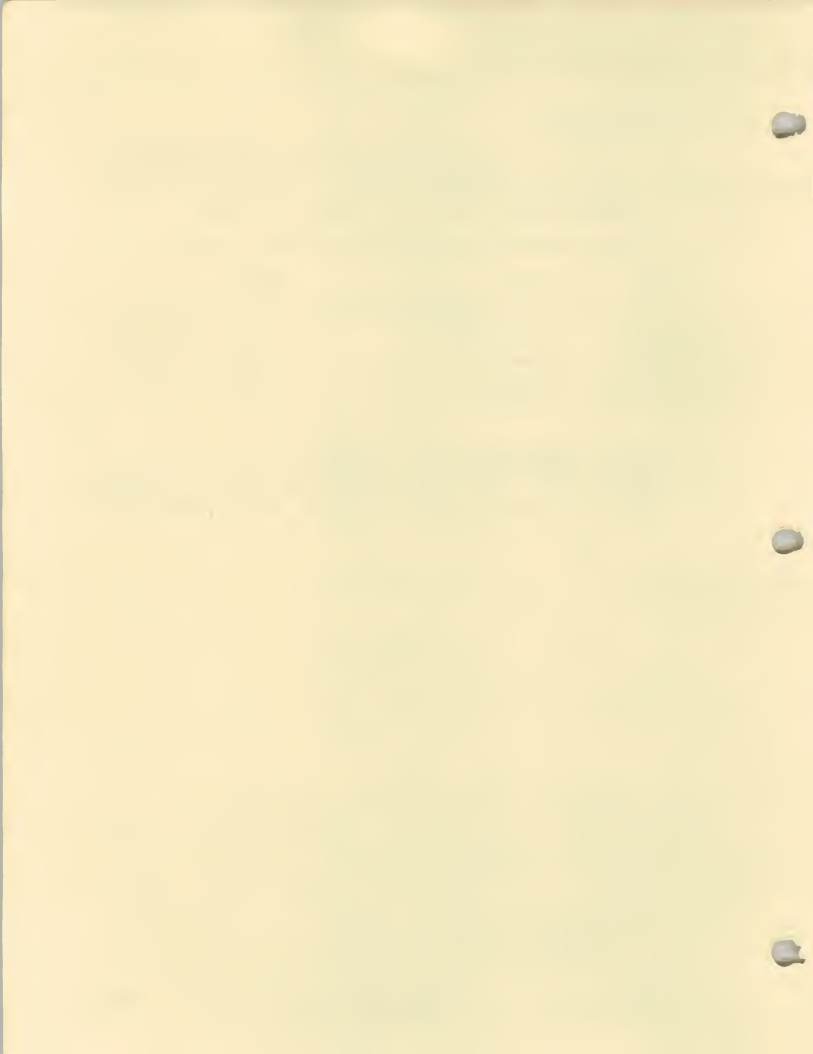
- Informatics has a division called Equimatics, located in Dallas, Texas, which specializes in software products, data services, and consulting for the insurance industry. (See Equimatics Highlight)
- Government revenues from contract programming and technical services comprised 30% of Informatics sales in 1976.
- The company's software products and data services are primarily marketed to a wide range of industries.

GEOGRAPHIC MARKETS:

- Informatics clients are located worldwide. The company maintains 44 offices in the U.S. and 6 outside the country. In addition to Corporate and International Marketing facilities at Woodland Hills, operating unit headquarters are located at River Edge, N.J.; Dallas, Texas; Rockville, Maryland; and Canoga Park, California.
- Total revenues are derived from the following U.S. regions:

Northeast	60%
Pacific States	
(including Hawaii and Alaska)	14%
South Central	8%
North Central	8%
Midwest	3%
New England	3%
Southeast	3%
Other Western States	1%

COMPUTER HARDWARE AND SOFTWARE: Informatics has two IBM 370/158 computers, located in Fairfield, N.J., which form the heart of its nationwide data services network. In addition, smaller computers are used at various other locations for product development, maintenance, and local data services.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

May 1994

## Information America, Inc.

Chairman  
& Co-CEO: Burton B. Goldstein, Jr.  
President  
& Co-CEO: Mary A. Madden  
One Georgia Center  
600 West Peachtree Street, N.W.  
Atlanta, GA 30308  
Phone: (404) 892-1800  
Fax: (404) 875-8192

Status:	Public
Employees:	210 (2/94)
Revenue:	\$ 25,215,000
Fiscal Year End:	12/31/93

### Key Points

- Information America, Inc. has developed one of the world's largest databases that addresses the relationships between corporations, people and their assets.
- The company serves legal professionals, banks, government and Fortune 500 corporations with database and related document services in order to obtain background data about businesses,

locate assets and people, governmental records as well as solve complex litigation problems.

- The acquisition of Hyland infoQuest and its affiliates in early 1993 expanded Information America's services to include manual search, retrieval and copying of public records.
- During 1993, the company also expanded its independent account representative program in Detroit and Denver, as well as its New England and South Florida territories.

- While the legal field remains a significant portion of Information America's business, most of recent growth is outside of law. On-line government revenues increased by 49% during the past year and nonlaw revenue now contributes an estimated 25-30% to total revenue, up from 23% in 1991.
- During 1993, Information America devoted significant resources to a planned acquisition of three information and software units from Paramount Publishing. Plans for the acquisition were terminated in October 1993 because the company did not feel the acquisitions would enhance Information America's overall growth strategy. As a result, Information America took a \$1.1 million charge against 1993 results for legal, accounting and consulting fees associated with the negotiations and due-diligence.

### Company Description

Information America, founded in 1982, provides on-line electronic information services in support of commercial transactions and business litigation.

- The company's services are used primarily by attorneys, other legal professionals and, increasingly, by banks, government agencies and private investigators to search for background data about business entities, determine the existence of liens on properties, identify assets of debtors, obtain government records and resolve many other transaction-related issues.
- As a result of an acquisition made in early 1993, Information America also provides manual search, retrieval and copying of public records through its Info AmeriQuest™ service.

In 1991, Information America made an initial public offering of more than 1.5 million shares of its common stock. Net proceeds to the company were approximately \$9.8 million.

### Company Strategy

Information America plans to continue to grow and leverage its database, develop ancillary services through Info AmeriQuest and use a restructured sales force with one group focusing on existing customers and a second group dedicated to generating new accounts.

- Information America will continue to add additional state and local data sources throughout the country to expand its geographic coverage. During 1994, under an expanded agreement with Dun & Bradstreet, Information America will, for the first time, offer information on international companies and their corporate families.
- Information America also plans to combine information from multiple data sources into unique products that are available only from Information America.
- The company will continue to develop marketing alliances with other companies.

Information America will also continue to diversify into other, nonlaw markets,



including Fortune 500 companies and government. During 1993, products were added to the GSA Schedule and to the Fedlink Program, making it easier for authorized agencies to contract for Information America services.

### Financials

Information America's 1993 revenue reached \$25.2 million, a 38% increase over

1992 revenue of \$18.3 million. Net income of \$139,000 for 1993 includes unusual charges of \$1.3 million associated with the termination of the Paramount Publishing acquisitions and certain restructuring charges. A five-year financial summary follows:

**Information America, Inc.**  
**Five-Year Financial Summary**  
 (\$ Thousands, except per share data)

Item	Fiscal Year				
	1993	1992	1991	1990	1989
Revenue	\$25,215	\$18,278	\$16,067	\$14,168	\$10,830
• Percent change from previous year	38%	14%	13%	31%	38%
Income (loss) before taxes	\$(414)	\$1,470	\$1,049	\$751	\$280
• Percent change from previous year	(a) (128%)	40%	40%	168%	122%
Net income	\$139	\$1,431	\$1,028	\$731	\$280
• Percent change from previous year	(b) (90%)	(c) 39%	(c) 41%	(c) 161%	(c) 122%
Earnings per share	\$0.03	\$0.27	\$0.29	\$0.23	\$0.09
• Percent change from previous year	(b) (89%)	(c) (7%)	(c) 26%	(c) 156%	(c) 108%

(a) Includes \$1.3 million in unusual charges related to the terminated acquisition and certain restructuring charges for Atlanta operations.

(b) Includes tax benefits from use of net operating loss carryforwards of \$525,000 (\$0.10 per share), \$404,000 (\$0.11 per share), \$285,000 (\$0.09 per share) and \$107,000 (\$0.04 per share) for 1992, 1991, 1990 and 1989, respectively.

(c) Includes a \$400,000 (\$0.08 per share) cumulative benefit from a change in the method of accounting for income taxes.

Revenue increases in 1993 were primarily attributed to revenues generated from public record searches and document retrieval services provided by Hyland infoQuest, which was acquired in February 1993.

- Revenue from Information America's traditional on-line database business was flat when compared with 1992.
- Information America continues to experience weakness in the on-line law market, with revenues decreasing

somewhat from 1992 levels. This decrease was almost totally offset by the on-line governmental sector which grew by 49% in 1993.

The company's loss in 1993 is primarily related to the \$1.3 million in unusual charges taken in conjunction with a restructuring program (\$250,000) and for the termination of the acquisition of certain units of Paramount Publishing (\$1.1 million). Excluding the effect of these unusual items, 1993 income from operations would have been \$1.0 million, or 4% of revenues, down from \$1.7 million, or 9% of revenues in 1992.

- This decrease relates primarily to higher levels of direct costs, depreciation and amortization and selling, general and administrative expenses, without commensurate increases in revenues.
- Direct costs rose 61% to nearly \$9.9 million due to the acquisition of Hyland, which operates at a higher direct cost percentage than Information America's traditional on-line database business, and increased royalty costs related to the on-line database business.
- Selling, general and administrative expenses rose 39% to \$10.0 million

#### **Market Financials**

INPUT estimates approximately 70% to 75% of Information America's 1993 revenue was derived from attorneys and other legal professionals and the remainder from government entities and other sources, including banks, corporations, news media and private investigators.

INPUT estimates approximately 72% of Information America's 1993 revenue was derived from electric information database services and 28% from manual search and retrieval services.

#### **Geographic Markets**

One hundred percent of Information America's revenue is derived from the U.S.

#### **Acquisitions**

In February 1993, Information America acquired Baltimore-based Hyland infoQuest and two affiliated companies. Terms of the acquisition were not disclosed.

- Hyland infoQuest was a privately held company providing public record search as well as filing and document services nationwide for law firms, financial institutions and other clients.
- Hyland infoQuest's experience in manual retrieval and copying of public documents for closing, litigation and detailed investigations supplements Information America's experience in developing and marketing databases for on-line searching.
- Founded in 1977, Hyland infoQuest had annual revenue growth of about 27% over the past five years. The company had 11 offices throughout the U.S. and approximately 100 employees at the time of the acquisition.
- Although there was some overlap of customers, Information America expects substantial cross-selling opportunities.

- Hyland infoQuest's operations have been renamed Info AmeriQuest.

### Employees

As of February 28, 1994, Information America had 210 employees, including 29 sales personnel.

### Key Products and Services

Information America on-line services offer a total of 16 major categories of information products.

- Information America creates databases from data that is available for license from government agencies and private sector firms.
- Customers may perform database searches by using a modem-equipped PC or terminal to access Information America's menu-driven on-line network, or may make telephone requests via the Info AmeriCall service to Information America personnel to have such searches performed for them.

The major categories of on-line information services include the following:

#### • Investigative Services

*Sluth<sup>®</sup>*—searches public records to identify business relationships of targeted company or individual and is often used as a step in locating assets.

*Asset Locator<sup>®</sup>*—identifies ownership of certain real property, stock, boats, aircraft and personal property.

*Executive Affiliation<sup>®</sup>*—identifies certain business affiliations of executives and professionals.

*People Finder<sup>®</sup>*—determines the current addresses of individuals.

*Business Finder<sup>®</sup>*—determines the address and phone number of businesses.

*Litigation Prep<sup>SM</sup>*—supplies information necessary to properly draft and file a complaint or answer.

#### • Online Public Records

*State-level Corporate & Limited Partnership Records*—provides information maintained by the state offices with respect to corporations and limited partnerships. Data is available on-line for 36 states and via Info AmeriCall.

*Corporate Global*—combines corporate record information for all on-line states in one search.

*County Records*—provides information concerning judgments, assumed names, county-filed UCC records and certain real property records for California, Georgia, Pennsylvania and Texas.

*Bankruptcy Records*—determines whether a company or individual has filed a bankruptcy petition.

*UCCs, Liens & Judgments*—provides a combined search to investigate certain financial obligations.

**Real Property, Liens & Judgments**—locates state and county records that affect real property to verify property ownership and encumbrances on it.

**Lawsuits**—searches selected state-level civil, superior and district court records on both individuals and businesses for indices of lawsuits files.

**Name Availability & Reservation**—checks more than 25 million business names to determine whether a corporate name is available for use.

## • Business Background Services

**Duns Business Records Plus<sup>®</sup>** provides background information on more than 7.7 million public and private companies.

**SEC Filings**—provides full text of selected documents filed by more than 6,000 companies with the Securities and Exchange Commission.

On-line customers typically pay a nominal monthly access fee in addition to per-search fees that are billed on a monthly basis.

- Economy Service, available through Info AmeriCall, is priced at approximately 50% of on-line prices. Via a telephone call, an Information America researcher will choose the best service to fit the customer's needs, conduct the search, compile the results and submit them in a detailed report. A nominal research fee is applicable.

- For Economy Service, delivery is within three business days in most metropolitan areas for an added price of \$3.50. For same day service, add \$2 per page for fax delivery or add \$14 to receive via an overnight courier service.

Through Info AmeriQuest, the company provides manual search, retrieval and copying of public records that are not accessible on-line.

- Typical public record searches include assumed/fictitious name filings; civil and criminal litigation; partnership filings; real property deeds; UCCs, liens and judgments; and bankruptcies.
- Information America also provides official copies of public filings and corporate certificates from any jurisdiction in the country.
- Info AmeriQuest customers are primarily billed at the time of service.

## Clients

As of December 31, 1993, Information America had more than 2,700 on-line customers.

## Marketing and Sales

For 1994, Information America has reorganized its sales force into two groups: Account Managers focus on existing customers and Account Executives concentrate on generating new accounts in both law and nonlaw areas.

Information America sells its products and services through a field sales force based in 15 major U.S. metropolitan areas--Atlanta (GA), Chicago (IL), Boston (MA),

Dallas (TX), Denver (CO), Detroit (MI), Houston (TX), Los Angeles (CA), Miami (FL), New York (NY), Philadelphia (PA), Newport Beach (CA), San Francisco (CA), St. Louis (MO) and Washington, D.C.

Info AmeriQuest serves customers through personnel based in 10 metropolitan areas--Albany (NY), Austin (TX), Baltimore (MD), Columbus (OH), Harrisburg (PA), Lansing (MI), Richmond (VA), Springfield (IL), Trenton (NJ) and Washington, D.C.

Information America also sells its services through independent account representatives.

### **Alliances**

Information America has alliances with various companies to offer their data via Information America's on-line services, including Dun & Bradstreet (Duns Business Records Plus) and American Business Information (Business Finder and Executive Affiliation).

Information America has an agreement with Law Bulletin Publishing in Chicago whereby Law Bulletin sells Information America's services to law firms throughout Illinois.

Information America also has an alliance whereby American Business Information sells Information America services to smaller corporations.

### **Competition**

Major competitors include Mead Data Central, Dun & Bradstreet, Prentice Hall Legal and Financial Services and CompuServe.

Information America also faces competition from certain government agencies that permit the public to directly access their database of records and may face increased competition from governmental agencies in the future if such public access is expanded.

### **Assessment**

Information America's strengths include the expansion of its operations into the manual search and retrieval of public records and ongoing expansion of the geographic coverage of its data.

Challenges include overcoming declines in the on-line law market with clients in other industries, offering new products to other markets and minimizing increased labor costs associated with manual search and retrieval operations.



## COMPANY PROFILE

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### **INFORMATION AMERICA, INC.**

One Georgia Center  
600 West Peachtree Street, N.W.  
Atlanta, GA 30308  
(404) 892-1800

Burton B. Goldstein, Jr., Chairman  
Mary A. Madden, President  
Public Corporation, NASDAQ  
Total Employees: 116 (12/91)  
Total Revenue, Fiscal Year End  
12/31/91: \$16,067,000

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### **The Company**

Information America, Inc., founded in 1982, provides on-line electronic information services in support of commercial transactions and business litigation.

- The company's services are used primarily by attorneys, other legal professionals and, increasingly, by banks, government agencies, and private investigators to search for background data about business entities, determine the existence of liens on properties, identify assets of debtors, obtain government records, and resolve many other transaction-related issues.
- Information America's strategy is to provide information in connection with resolving all phases of commercial transactions.

During the fourth quarter of 1991, Information America made an initial public offering of over 1.5 million shares of its common stock. Net proceeds to the company were approximately \$9.8 million.

Information America's 1991 revenue reached \$16.1 million, a 13% increase over 1990 revenue of \$14.2 million. Net income rose 41%, from \$731,000 in 1990 to over \$1.0 million in 1991. A five-year financial summary follows:



**INFORMATION AMERICA, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	1991	1990	1989	1988	1987
Revenue	\$16,067	\$14,168	\$10,830	\$7,876	\$3,370
· Percent change from previous year	13%	31%	38%	134%	N/A
Income (loss) before taxes	\$1,049	\$751	\$280	\$(1,272)	\$(2,296)
· Percent change from previous year	40%	168%	122%	45%	N/A
Net income (loss) (a)	\$1,028	\$731	\$280	\$(1,272)	\$2,296)
· Percent change from previous year	41%	161%	122%	45%	N/A
Earnings (loss) per share	\$0.29	\$0.23	\$0.09	\$(1.19)	\$(2.19)
· Percent change from previous year	26%	156%	108%	46%	N/A

(a) Includes tax benefits from utilization of net operating loss carryforwards of \$404,000, \$285,000, and \$107,000 for 1991, 1990, and 1989, respectively.

Revenue growth during 1991 was attributed primarily to new customers, particularly new customers other than law firms, and new and enhanced products.

- Beginning in the spring of 1990, new commercial transactions volume declined and the company's revenue growth rate slowed during the balance of the year.
- During 1990, and continuing throughout 1991, Information America refocused its marketing and development efforts toward reorganization, litigation, and asset search transactions and aggressively pursued opportunities with the banking, government, and private investigative markets.
- As a result, revenues from customers other than law firms increased from approximately 15% of total revenues in 1990 to 23% of total revenues in 1991.

Revenue for the three months ending March 31, 1992 reached \$4.7 million, a 27% increase over \$3.7 million for the same period in 1991. Net income increased 100% to \$427,000, compared to \$214,000 for the same period a year ago. The company had a net increase in its subscriber base of 59 during the quarter.



As of December 31, 1991, Information America has 116 employees, segmented as follows:

Marketing/sales/support	52
Product development	24
Computer support/operations	24
Corporate/administration	<u>16</u>
	116

Major competitors include Mead Data Central, Dun & Bradstreet, Prentice Hall Legal and Financial Services, and CompuServe.

### **Key Products and Services**

One hundred percent of Information America's revenue is derived from electronic information services.

Information America on-line services offer a total of 19 major categories of information products allowing more than 500 separate search applications and related services.

- Information America creates data bases from data that is available for license from government agencies and private sector firms.
- Customers access the service by using a PC, terminal, or similar device, together with a modem, to dial either directly into Information America's data center (for Atlanta customers), or into a public packet-switching telecommunications network (presently TYMNET or SprintNet).
- The services are priced principally on a per-search basis rather than on a subscription fee basis to facilitate the reimbursement process. Per-search charges are recorded as out-of-pocket expenses that can be passed through to attorneys' clients.

The major categories of information products and services provided by Information America include the following:

- Global Services combine information for all on-line jurisdictions in one search.
- Sleuth™ searches millions of state and county records from 50 government agencies simultaneously for the business relations of a targeted individual or company.
- Litigation Prep provides certain information required by litigation attorneys to draft a complaint or answer, including

correct corporate names of parties, registered agents to receive service of process, and corporate status. Information from 25 states is available.

- People Finder™, with a data base of 111 million individuals, 80 million households, and 61 million telephone numbers nationwide, permits a user to locate shareholders, defendants, witnesses, or heirs and to find out-of-state addresses and phone numbers.
- Business Finder™ provides access to brief profiles of over 15 million companies, including about 1.8 million professionals, in the U.S. and Canada.
- Executive Affiliate identifies the businesses with which executives and professionals are affiliated.
- Business News provides access to news stories from wire services around the world.
- SEC Filings is a data base of reports filed by public corporations with the Securities and Exchange Commission.
- Duns Business Records Plus<sup>SM</sup> provides background information on the operations, finances, executives, and intra-company relationships of more than seven million public and private businesses nationwide.
- Name Availability and Reservation performs an on-line check of more than 22 million business names nationwide for clients forming a new corporation to determine what names are/are not available.
- DOXR<sup>®</sup> (Document Ordering eXpress) service permits customers to order official copies of publicly filed documents.
- State-level Corporate/Limited Partnership Records include corporate records from 25 states and limited partnership records from 21 states.
- State-level UCC & Lien Filings are used to locate outstanding debts and obligations of individuals or businesses.
- County Records are available on-line from nine counties in four states and generally include judgments entered, assumed names, county UCC records, notices of claims outstanding against real property, real property filings, and tax liens.

- Bankruptcy files indicate whether a company or individual has filed for bankruptcy protection. This information is available for California, Texas, and New Jersey.
- Asset Locator provides information on millions of parcels of real property, including the owner and the estimated value of the property.
- Lawsuits includes indices of lawsuits filed in over 40 county courts in seven states.
- UCCs, Liens & Judgments combines 14 state and 10 county files into one search to determine liens filed against personal property and fixtures.
- Real Property, Liens & Judgments searches state and county records in California, Georgia, and Texas that affect real property to verify clear ownership.

**Industry Markets**

Approximately 83% of Information America's 1991 revenues were derived from the legal market and 17% was derived from banks, government entities, private investigators, and others.

As of December 31, 1991, Information America had 1,590 customers.

- During 1991, approximately 75% of the company's subscribers were law firms. Customers include 97 of the 100 largest law firms in the U.S. and a total of approximately 1,200 law firms.

**Geographic Markets**

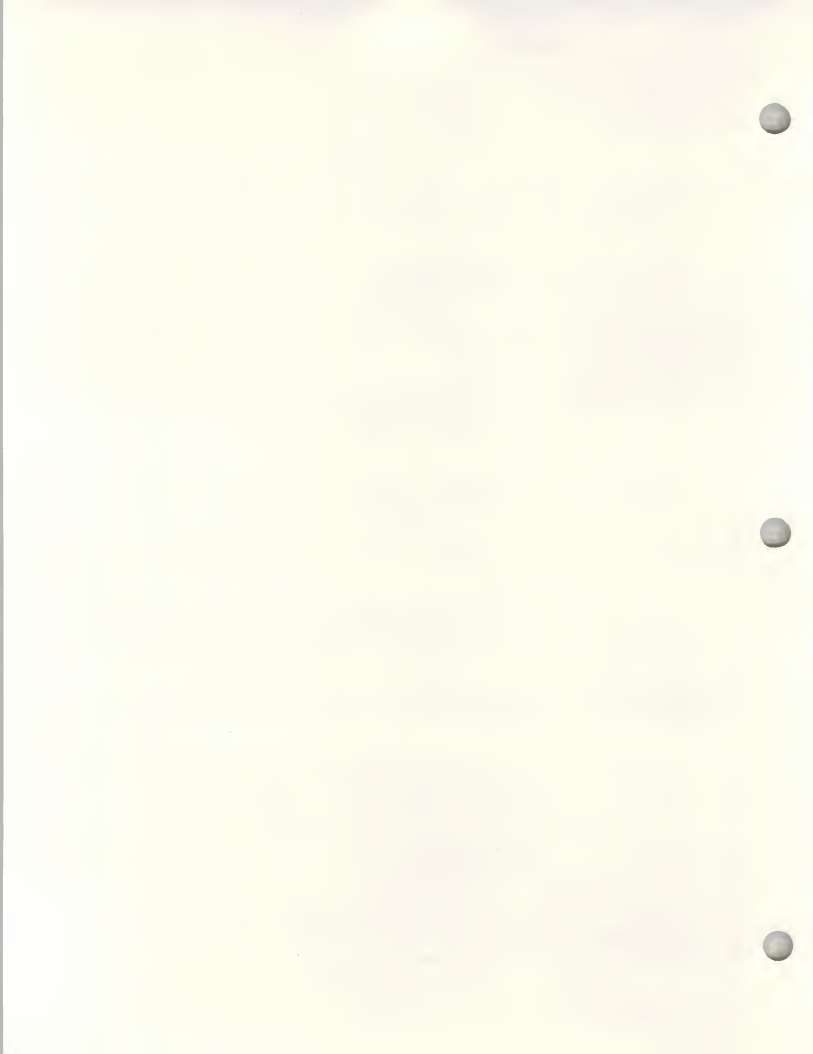
One hundred percent of Information America's revenue is derived from the U.S.

The company sells its products through a field sales force based in 11 major U.S. metropolitan areas, including Atlanta, Boston, Dallas, Houston, Los Angeles, Miami, New York, Philadelphia, San Francisco, St. Louis, and Washington, D.C.

Sales are also made through a telemarketing force based at the Atlanta headquarters.

**Computer Hardware and Software**

Information America has a DEC VAX cluster of four CPUs (VAX models 8700, 6330, 6510, and 6520) installed at its headquarters in Atlanta in support of its services.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

August 1995

## Information Builders, Inc.

**President  
& Founder:** Gerald D. Cohen  
1250 Broadway  
New York, NY 10001-3782  
**Phone:** (212) 736-4433  
**Fax:** (212) 268-7470

Status:	Private
Employees:	1,750 (6/95)
Revenue:	\$243,000,000
Fiscal Year End:	12/31/94

### Key Points

- Information Builders, Inc. (IBI) is a provider of information technology solutions, specializing in enterprise data access and analysis, reporting and data warehouse solutions.
- In August 1995, IBI announced EDA/START, a product that provides a Distributed Computing Environment (DCE) link when building three-tiered client/server applications.

- In June 1995, IBI announced SiteAnalyzer, a client/server analysis tool that is used to build data warehouses.
- In an effort to enhance its position in the data warehousing market, IBI is in the process of developing a multidimensional database system.
- IBI is expanding its relationships with third-party software vendors to broaden and leverage its product line.

### Company Description

Founded in 1975, IBI is a privately-held company providing systems software and related consulting services worldwide.

The company specializes in products and services for business intelligence, enterprise data access and reporting and data warehousing.

IBI's FOCUS® is a fourth-generation language for business intelligence application development, reporting and information analysis. EDA/SQL is the company's leading middleware product.

### **Organization and Structure**

Headquartered in New York (NY), IBI has 42 sales, support and consulting offices across North America.

IBI's offices are located in Atlanta (GA); Baltimore (MD); Boston (MA); Charlotte and Durham (NC); Chicago (IL); Cincinnati and Cleveland (OH); Dallas and Houston (TX); Denver (CO); Detroit (MI); Washington (D.C.), Hartford and Stamford (CT); Kansas City and St. Louis (MO); Los Angeles, San Jose and Sacramento (CA); Metropolitan and New York (NY); Milwaukee (WI); Minneapolis (MN); New Jersey; Orlando (FL); Philadelphia and Pittsburgh (PA); and Seattle (WA).

In addition, the company has 13 international subsidiaries located in Australia, Belgium, Canada, France, Germany, the Netherlands, Spain, Switzerland and the U.K.

LEVELFive Research is an IBI subsidiary that provides the LEVEL5 product line.

IBI's key executives are summarized in the exhibit.

### **Company Strategy**

IBI's strategy is to lead the industry in mission-critical computing solutions that organizations require to run their businesses on an ongoing basis.

The company is positioning itself as a data warehousing provider.

### **Information Builders, Inc. Key Executives**

<b>Name</b>	<b>Title</b>
<b>Company Founders</b>	
Gerald D. Cohen	President and Founder VP, IBM Programming Development
Peter Mittelman	
Martin Slagowitz	VP, Professional Services
<b>Corporate Executives</b>	
David Kemler	VP, Sales and Marketing
Harry Lerner	VP, Finance
Timothy Benthall	VP, Internal Communications
Gregory Dorman	VP, Programming
Bruce Wilson	VP, International Sales
Marty Meyers	General Manager, Channels Marketing

### **Financials**

IBI's 1994 revenue was \$243 million, a 7% increase over 1993.

A three-year revenue summary appears on the following page.

#### *Revenue Analysis by Product/Service*

Approximately 89% of IBI's 1994 revenue was derived from products (61% from the FOCUS product family, 25% from the EDA/SQL products, and 3% from the LEVEL5 product line) and the remaining 11% from professional services.

**Information Builders, Inc.**  
**Three-Year Revenue Summary**  
 (\$ Millions)

Item	Fiscal Year		
	1994	1993	1992
Revenue	\$243	\$227	\$225
• Percent change from previous year	7%	1%	N/A

### Market Financials

IBI's products and services are used by Fortune 1000 companies and government.

FOCUS is used by more than 1.25 million users at more than 8,000 sites around the world. Today, there are more than 190,000 PC/FOCUS and 200,000 mainframe and midrange FOCUS applications that are being used at more than 9,000 sites worldwide.

EDA/SQL resides on 1,500 servers worldwide.

### Geographic Markets

Approximately 65% of IBI's 1994 revenue was derived from North America and the remaining 35% from international sources.

### Employees

IBI currently has 1,750 employees worldwide, with more than 300 in professional services.

IBI also has a comprehensive network of agents that represent the company's major markets around the world.

### Key Products and Services

IBI offers a portfolio of information technology solutions that meet the needs of enterprise-wide information management applications.

#### FOCUS

FOCUS is a fourth-generation language that allows customers to build information management systems on more than 35 operating platforms, including IBM

mainframe, midrange and PC-compatible, Digital, Hewlett-Packard, Sun Microsystems, Tandem, Siemens-Nixdorf, Pyramid, Sequent, AT&T GIS, Unisys, Data General, Wang, Bull and personal computers.

The FOCUS desktop family consists of:

- FOCUS Reporter for Windows
- FOCUS Professional for Windows
- FOCUS Business Intelligence Suite
- FOCUS Report Server
- FOCUS/Database Server
- PC/FOCUS for DOS
- PM/FOCUS
- FOCUS/EIS for Windows
- EDA/Compose for Windows
- EDA/Compose for Mac

#### Enterprise Data Access/SQL (EDA/SQL)

EDA/SQL is a middleware product line that connects to different data sources. It provides SQL and stored procedure-based access to more than 60 relational and non-relational data structures across major operating platforms and networks.

EDA/SQL allows customers to build departmental and enterprise-wide client/server systems which integrate heterogeneous data, application tools and operating environments.

The EDA/SQL family consists of:

- EDA/SQL Client
- EDA/SQL Server Engines
- EDA/SQL Hub Server
- EDA/SQL Transaction Server
- EDA/SQL Relational Gateway
- EDA/SQL Non-relational Gateway
- EDA/SQL Stored Procedure Gateway
- EDA/SQL Open Database Gateway
- EDA/SQL Copy Manager for Lotus Notes
- EDA/SQL Data Extenders
- EDA/SQL Communication Gateways

### **LEVEL5**

The LEVEL5 product line is made up of the following products:

- LEVEL5 OBJECT is an object-oriented development tool for the Microsoft Windows environment.
- SmartMode Solutions products include SmartMode, which monitors and governs query activity in a client/server environment, and SiteAnalyzer, a client/server analysis tool that is used in building data warehouses, by compiling statistics describing database usage patterns.

### *New product announcements*

- In June 1995, IBI announced Distributed SmartMode for EDA/SQL, an intelligent query analyzer/governor that controls distributed queries sent to EDA distributed servers via the EDA Hub Server.
- In June 1995, IBI announced its FOCUS/Database Server for Windows NT.
- In July 1995, IBI announced Quest, a new product that links the internet with SQL data.

- In August 1995, in cooperation with Open Environment Corp., IBI announced EDA/START, which will allow customers to build three-tiered DCE-based applications that incorporate hard-to-access, relational and non-relational data sources.
- In August 1995, IBI also announced EDA/COPY Manager for HP-UX, which provides transformation and transportation of data between relational and non-relational data bases.
- IBI is in the process of developing a multidimensional database system to strengthen its position in data warehousing.

### *Professional Services*

IBI provides client/server applications development, data warehousing, systems and data migration, business intelligence systems and education services. The company employs more than 300 professional services consultants and trainers. IBI offers courses at all of its offices worldwide and at customer sites.

### **Clients**

Significant clients include—AT&T, the U.S. government, Ford Motor Company, Fleet Financial Group, Emory University Hospital, Caterpillar, Konica Imaging, U.S.A., Lutheran Medical Center and Magee-Womens Hospital, among others.

A few examples of IBI's client contracts are given below:

- Emory University Hospital is deploying over 250 copies of FOCUS for Windows for user data access and user reporting against Emory's new data warehouse systems for patient management and patient accounting. Emory contracted with IBI's Professional Services organization, to design



a customized training program and course materials for users of the new data warehouse.

- IBI worked with Fleet Financial Group to create an executive information system. Fleet used FOCUS Reporter for Windows for application development on the PC, EDA/SQL for connectivity between the PC and the VAX, and FOCUS Reporter for Windows and FOCUS/EIS for Windows to create user analysis and reporting functions.

### Marketing and Sales

IBI sells direct and through integrators and database vendors. The company is represented by a large network of agents in major markets around the world in a total of 85 offices in 65 countries.

The company maintains relationships with many hardware vendors, including Hewlett-Packard, IBM, Tandem, Apple and AT&T, and database companies such as Informix, Oracle, Microsoft and Sybase.

Additionally, IBI regularly publishes technical journals, a monthly product newsletter and a quarterly magazine, *Information Builders News*.

### Alliances

In July 1995, IBI extended its relationship with Sun Microsystems by agreeing to assist Sun's data warehouse architects in designing, building, managing and analyzing data within the organization.

In June 1995, IBI entered into a partnership with Oracle, through Oracle's Warehouse Technology Initiative (WTI), to assist data warehouse architects and users in designing, building, managing and analyzing data in Oracle databases.

In June 1995, IBI became an authorized SAP Desktop Integration Partner and announced the SAP R/3 PACK product line.

In June 1995, IBI formed a value-added reseller (VAR) alliance with Vanguard to jointly develop a security product.

In 1994, IBI signed an agreement with ICL, a European information technology company that specializes in systems integration. The alliance calls for providing EDA/SQL capability and functionality to ICL's GOLDRUSH MegaSERVER—a database server based on parallel processing techniques.

In 1994, IBI signed key partnership agreements to integrate EDA/SQL middleware with the database architectures of Oracle, Informix and Microsoft.

### Competition

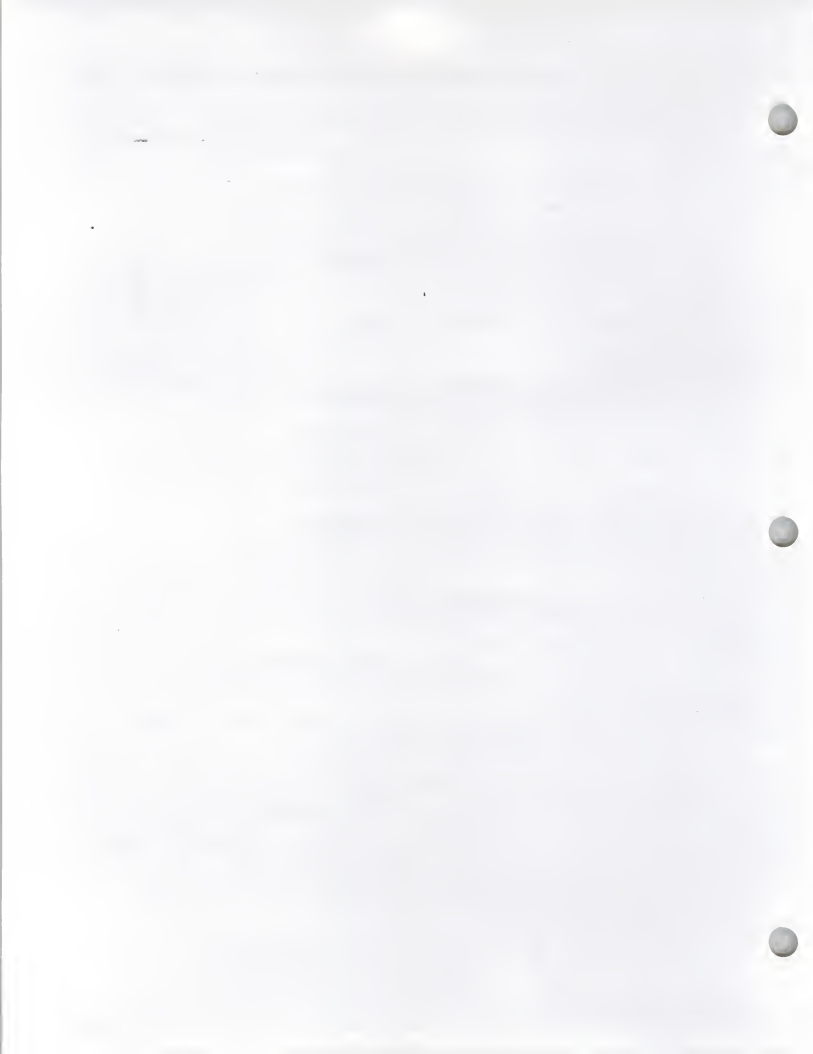
IBI faces significant competition in the connectivity area from companies such as Sybase, and Platinum Technology (Trinzic). The company faces competition in report writing from Business Objects and Cognos.

### INPUT Assessment

IBI's major strengths include:

- Good technology, constantly evolving
- Strong relationships with several hardware vendors and database companies
- Experience in rapidly growing markets

One of the major challenges for the coming year includes fending off competitors as market niches become more lucrative.



## COMPANY PROFILE

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### INFORMATION BUILDERS, INC.

1250 Broadway  
New York, NY 10001  
(212) 736-4433

Gerald D. Cohen, President  
Private Corporation  
Total Employees: 1,550 (4/91)  
Total Revenue, Fiscal Year End  
12/31/90: \$191,000,000

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### The Company

Information Builders, Inc. (IBI), formed in 1975, markets and supports FOCUS, a fourth-generation language for building data-based information systems.

- The company also develops, markets, and supports FOCUS-based applications products, FOCUS interfaces to existing products, and LEVEL5, a rule-based expert system acquired from LEVEL5 Research in 1987.
- IBI is an IBM Business Partner, SAA development partner, and an IBM authorized Application Specialist for AIX and AS/400. The company is also a leading participant in Digital Equipment Corporation's Cooperative Marketing Program (CMP) and has entered into similar arrangements with other vendors, including Hewlett-Packard, Tandem, Bull, Pilot Executive Software, NCR (Top End), Sun, Sequent (for the DYNIX/ptx), Pyramid, and IBM (for the RS/6000).

IBI is currently organized into the following divisions:

- PC/FOCUS Micro Products Division
- VAX/FOCUS Division
- FOCUS for Tandem Division
- FOCUS for AS/400 Division
- FOCUS for UNIX Division
- FOCUS for Wang Division
- FOCUS for HP Division
- Corporate Product Development

IBI's 1990 revenue reached approximately \$191 million, a 19% increase over 1989 revenue of \$160 million. A five-year revenue summary follows:

**INFORMATION BUILDERS, INC.  
FIVE-YEAR REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR				
	1990	1989	1988	1987	1986
Revenue	\$191.0	\$160.0	\$138.0	\$115.0	\$92.0
• Percent increase from previous year	19%	16%	20%	25%	30%

IBI has been profitable since its formation.

As of December 31, 1990 Information Builders had approximately 1,400 employees worldwide. The company currently has approximately 1,550 employees, segmented as follows:

Field sales and support	325
Corporate marketing	70
Corporate customer support	77
Divisions (products)	208
Programming and development	92
Consulting	219
General and administrative	150
International	350
Other	<u>59</u>
	1,550

IBI's competitors vary by processor and include:

- IBM mainframes: RAMIS by On-Line Software, and Nomad by Must Software
- DEC VAX processors: Oracle by Oracle, PowerHouse by Cognos Corporation, and INGRES from ASK Computer Systems
- Wang VS: PACE by Wang Laboratories
- UNIX-based processors: Informix Corporation's Informix family of DBMS and 4GL products, and Oracle by Oracle
- Microcomputers: dBASE by Ashton-Tate is the main competitor in this area

**Key Products and Services**

Approximately 78% of IBI's 1990 revenue was derived from its FOCUS and PC/FOCUS data base management systems, associated interfaces and applications packages, and LEVEL5 products. Approximately 10% of revenue was derived from maintenance services and the remaining 12% from professional services consulting and classroom education for FOCUS users.

- FOCUS revenue was segmented by processor as follows:

Mainframe	55%
Minicomputer	20%
Microcomputer	<u>25%</u>
	100%

FOCUS currently has more than 800,000 users and 160,000 PC/FOCUS users worldwide. There are more than 150,000 FOCUS applications in use at 7,000 mainframe and midrange sites.

FOCUS, developed by Mr. Gerald D. Cohen in 1975, is an application development and decision support environment consisting of a fourth-generation language with reporting, business graphics, statistics and spreadsheets, as well as automatic facilities for generating application screens, logic, and data base designs, for complete data-based information systems.

- FOCUS includes a scalable data base server and interfaces to more than 40 different data and data base structures, providing portability across virtually all micro, midrange, and mainframe computer environments with transparent, universal data access.
- FOCUS application development facilities include automatic code generators, a fourth-generation language toolset for fast ad hoc development of application prototypes, and structured CASE tools for building larger systems.
- Versions of FOCUS are available for IBM VM, MVS, OS/400, AIX, DOS and OS/2; DEC VAX/VMS; Wang VS; Hewlett-Packard; Tandem; Bull; and over 20 UNIX processors and relational data bases and servers.
- Mainframe versions of FOCUS are available for purchase, with prices ranging from \$53,000 to \$135,000 based on the options chosen, or under lease agreements ranging between \$1,400 and \$3,000 per month. There are currently 2,800 mainframe installations of FOCUS.

- Midrange versions of FOCUS are available for purchase, with prices ranging from \$15,000 to \$80,000 based on a combination of options and computing power. There are currently 1,400 minicomputer installations of FOCUS. The majority of the minicomputer installations are on the DEC VAX.
- PC/FOCUS, introduced in 1983, is a command identical version of mainframe FOCUS.
- PC/FOCUS is available for all DOS and OS/2-based IBM and compatible PCs. The one-time license fee ranges from \$798 to \$1,295 based on the number of copies purchased. To date, over 80,000 copies of PC/FOCUS have been sold.
- PC/FOCUS-LANpak supports local- and wide-area networks and is available for a range of network operating systems.
- FOCUS is also available on a timesharing basis and has over 500 customers worldwide. It is available on most major timesharing services in the U.S. and overseas.

LEVEL5 is a complete expert systems software tool for the development and deployment of knowledge-based information systems.

- LEVEL5 is available for IBM and compatible PCs, Macintoshes, DEC VAX/VMS, UNIX processors, and VM and MVS mainframe systems. There are currently more than 25,000 installations of LEVEL5 worldwide.
- LEVEL5 for FOCUS is a fully-optimized run-time module of the inference engine embedded in FOCUS.
- The product ranges in price from \$19,200 to \$31,700 on the mainframe and from \$400 to \$13,800 for the DEC VAX environment.
- LEVEL5 OBJECT is a Windows-based application development tool that combines object-oriented techniques with expert systems technology. The product is priced at \$995 per copy.

Information Builders provides education, hotline services, and consulting for its products.

- Information Builders maintains classrooms in its regional offices as well as its corporate headquarters, for a total of over 20 classrooms.
  - Included with the purchase or lease of FOCUS is credit towards classroom training, the amount of which is determined by the number of options purchased, and whether the system is purchased or leased.
  - Additional or advanced training is available for between \$150 and \$250 per student day for classes at Information Builders' Education Centers and \$1,050 to \$1,575 per class day (15 students maximum) at the customer site.
  - Information Builders also offers computer-based training for both FOCUS and PC/FOCUS users. PC/FOCUS computer-based training modules cost \$395 per module, or \$995 for the complete set of three. Modules addressing mainframe FOCUS issues are available and range in price from \$3,000 to \$12,500.
- Information Builders maintains hotline support at its corporate offices, and helpline support at its regional offices. Included in the purchase of PC/FOCUS is 90 days of free hotline calls.
- Information Builders offers FOCUS consulting services through its network of professional consultants throughout the U.S. and Canada. The services provided include programming for complete applications, design reviews, and support or enhancement of existing applications.

Information Builders gains feedback from its customers through its independent user groups, FUSE (the FOCUS users' group) and USERS.PRL (the LEVEL5 users group).

### **Industry Markets**

FOCUS is marketed to Fortune 1000 companies in all industry segments. PC/FOCUS is marketed to home hobbyists and smaller businesses in all industry segments.

### **Geographic Markets**

Approximately 65% of IBI's 1990 revenue was derived from the U.S. and 35% from international sources.

IBI currently has 26 U.S. sales, support, and consulting offices, three Canadian offices, and 13 international offices. In addition, IBI is represented by a network of agents in every major market worldwide.

- U.S. sales and consulting offices are located in Atlanta (GA), Boston (MA), Charlotte (NC), Chicago (IL), Cincinnati (OH), Dallas and Houston (TX), Detroit (MI), Los Angeles and San Jose (CA), Philadelphia (PA), St. Louis and Kansas City (MO), Washington D.C., Denver (CO), Hartford and Stamford (CT), Minneapolis (MN), Orlando (FL), Seattle (WA), White Plains (NY), and New Jersey.
- IBI international subsidiaries are located in Belgium, France, Germany, the Netherlands, Spain, Switzerland, and the U.K. IBI also has offices in Canada and Australia.
- IBI maintains a presence with affiliates and/or agents in every major market worldwide.

### **Computer Hardware and Software**

Information Builders uses the services of several timesharing vendors for management and development purposes. The company also has numerous computers for every platform on which FOCUS and LEVELS are developed.

The company's computer operations are continually increasing to meet the needs of the expanding company.



## COMPANY PROFILE

### INFORMATION BUILDERS, INC.

1252 Broadway  
New York, NY 10001  
(212) 736-4433

Gerald D. Cohen, President  
Private Corporation  
Total Employees: 375  
Total Revenue, Fiscal Year End  
12/31/84: \$52,000,000

### THE COMPANY

- Information Builders, Inc., formed in 1975, markets FOCUS, a fourth-generation, nonprocedural, applications development tool with report generation, query language, and data base management functions.
- 1984 revenue increased 56% to \$52 million from \$33.4 million in 1983. A five-year revenue summary follows:

INFORMATION BUILDERS, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands)

ITEM \ FISCAL YEAR	FISCAL YEAR				
	1984	1983	1982	1981	1980
Revenue	\$ 52,000	\$ 33,400	\$ 19,200	\$ 10,700	\$ 4,600
Percent increase over previous year	56%	74%	79%	133%	70%

- Management estimates revenue will grow 40% to \$70 million in 1985.
- Information Builders has been profitable since its formation.
- Major competition to Information Builder's FOCUS includes RAMIS II from Mathematica (subsidiary of Martin Marietta) and INQUIRE from Infodata Systems, Inc.

### KEY PRODUCTS AND SERVICES

- One hundred percent of Information Builders' 1984 revenue was derived from its FOCUS data base management system, and PC/FOCUS its microcomputer counterpart.
- FOCUS, developed by Information Builders in 1976, is an interactive, fourth-generation, English-like nonprocedural programming language containing its own report-generating and data base management facility. FOCUS increases productivity by providing greater ease in system development and maintenance. It consists of the following functional areas:

## INFORMATION BUILDERS, INC.

- Report Generator/Query Language creates reports for ad hoc problem solving or standard reporting needs with full formatting, calculating, and sorting facilities.
  - Relational File Structures stores information in shared file structures, linking individual data fields from separate files.
  - Data Base Management and Updating attends to all data capture, data validation, and maintenance tasks.
  - Plotting and Graphic Reporting includes graphs, pie and bar charts, curves, point plots, histograms, scatter diagrams, and color graphics capabilities.
  - Financial Report Models includes budgets, consolidations, forecasting, profit and loss, balance sheets, and cash-flow analyses.
  - Formal Statistical Analysis provides analysis of data by methods including regression, variance and time series analysis, forecasting, curve fitting, and cross tabs.
  - FOCUS Interactive Data Entry Language (FIDEL) provides screen formatted data entry for transaction-oriented applications.
  - Reports from Existing Files provides interfaces for the report generator to existing data files including standard IBM QSAM, VSAM and ISAM formats as well as FOCUS, IMS, IDMS, TOTAL, ADABAS, MODEL/204, SYSTEM 2000 and DL/I data bases.
- FOCUS is operational on IBM 370, 4300, 30XX, or compatible mainframes running under VM/CMS, OS, or MVS/(TSO, CICS, IMS/DC). Purchase price ranges from \$43,000 to \$120,000. There are approximately 1500 in-house installations of FOCUS.
  - FOCUS is also provided on a timesharing basis and has over 500 customers worldwide. It is available on most major timesharing services in the U.S. and overseas.
  - In mid-1982 Information Builders established an Application Products Group to implement a broad range of FOCUS-based applications products.
- Interfaces now available include the following:
    - An interface between FOCUS and Standard and Poor's COMPUSTAT II financial data base, the Group's initial product release, is priced at \$5,000.
    - FOCUS/PGO (Presentation Graphics Option), an interface between FOCUS and Integrated Software Systems Corporation's (ISSCO) TELL-A-GRAF graphics and plotting package, is also

available. The product allows charts and graphs on more than 80 different graphics devices and terminals from various vendors to be produced. FOCUS/PGO is priced at \$4,500.

- An interface between FOCUS and EXECUCOM's IFPS (Interactive Financial Planning System) financial and decision support package is priced at \$5,500.
- An interface between FOCUS DBMS and the ACF2 security system developed by SKK, Inc. was introduced in 1983. It is available to existing FOCUS users at no charge.
- An interface between FOCUS and Artificial Intelligence Corp.'s INTELLECT natural language program was introduced in 1984 and is priced at \$5,500.
- Information Builders also introduced a central data base version of FOCUS in 1982, allowing simultaneous file interaction by several users. The option is priced at \$8,500.
- In 1984 a relational methodology tool to provide a framework for the design and documentation of an information system, called DOCUMENTOR, was introduced for FOCUS users running IBM's VM/CMS or MVS/TSO operating systems. DOCUMENTOR is priced at \$12,000.
- In mid-1985 the company expects to release a version of FOCUS for the DEC/VAX line of computers.
- In 1983 Information Builders introduced PC/FOCUS for IBM or compatible microcomputers under MS/DOS. PC/FOCUS is a command-identical version of mainframe FOCUS.
  - PC/FOCUS is now available for IBM (PC, PC/XT, 3270-PC, PC AT), Texas Instruments or Wang Professional computer, Hewlett Packard 150 or Convergent Technologie's NGEN running PC/DOS or MS/DOS operating systems.
  - PC/FOCUS is priced at \$1,595. There were 12,000 copies in use by December 1984.
- FOCUS educational courses are available at Information Builders office locations or may be conducted on customer premises.
  - Basic and advanced courses are offered along with in-depth courses on decision support and host language interface.
  - A basic report preparation course for managers present an overview of FOCUS capabilities tailored to management needs.

#### INDUSTRY MARKETS

- FOCUS is marketed to Fortune 1000 companies in all industry sectors.

#### GEOGRAPHIC MARKETS

- Eighty percent of Information Builders' 1984 revenue was derived from the U.S., and 20% from international locations.
  - U.S. branch offices are located in San Jose and El Segundo (CA), Oak Brook (IL), Arlington (VA), St. Louis (MO), Dallas and Houston (TX), Boston and Atlanta. InfoBuild Inc. markets FOCUS in Canada.
  - FOCUS is marketed overseas through Information Builders U.K. in London. Overseas agents and affiliates are located in Australia, Japan, Egypt, the Netherlands, Germany, Sweden, Italy, France, South Africa, and Brazil.

#### COMPUTER HARDWARE AND SOFTWARE

- Information Builders uses the services of several timesharing vendors for management and development purposes.
- The company also has two IBM 43XX computers running under CMS and numerous IBM Personal Computers, plus a DEC/VAX 750 and a Wang/VS 85 for documentation.

## COMPANY HIGHLIGHT

### INFORMATION BUILDERS, INC.

1250 Broadway  
New York, NY 10001  
(212) 736-4433

Gerald D. Cohen, President  
Private Corporation  
Total Employees: 150  
Total Revenue, Fiscal Year End  
12/31/82: \$19,200,000

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### THE COMPANY

- Information Builders, Inc., formed in 1975, markets FOCUS, a nonprocedural report preparation, data analysis, and comprehensive data management system.
- Revenue increased 79% in 1982 to \$19.2 million from \$10.7 million in 1981. A five-year revenue summary follows:

INFORMATION BUILDERS, INC.  
FIVE-YEAR REVENUE SUMMARY  
(\$ thousands)

ITEM \ FISCAL YEAR	1982	1981	1980	1979	1978
Revenue	\$ 19,200	\$ 10,700	\$ 4,600	\$ 2,700	\$ 1,350
Percent increase over previous year	79%	133%	70%	100%	125%

- Management estimates revenue will grow 35% to \$26 million in 1983.
- Information Builders has been profitable since its formation.
- A wholly owned subsidiary, Information Builders U.K. is located in London.
- Major competition to Information Builders' FOCUS includes Mathematica's RAMIS II and INQUIRE from Infodata Systems, Inc.

### KEY PRODUCTS AND SERVICES

- One hundred percent of Information Builders' 1982 revenue was derived from its FOCUS data base management system.
- FOCUS, developed by Information Builders in 1976, is an interactive, English-like nonprocedural programming language containing its own report-generating and data base management facility. FOCUS increases productivity by

providing greater ease in system development and maintenance. It consists of the following functional areas:

- Report Generator/Query Language creates reports for ad hoc problem solving or standard reporting needs with full formatting, calculating, and sorting facilities.
  - Relational File Structures stores information in shared file structures, linking individual data fields from separate files.
  - Data Base Management and Updating attends to all data capture, data validation, and maintenance tasks.
  - Plotting and Graphic Reporting includes graphs, pie and bar charts, curves, point plots, histograms, scatter diagrams, and color graphics capabilities.
  - Financial Report Models includes budgets, consolidations, forecasting, profit and loss, balance sheets, and cash-flow analyses.
  - Formal Statistical Analysis provides analysis of data by methods including regression, variance and time series analysis, forecasting, curve fitting, and cross tabs.
  - Reports from Existing Files provides interfaces for the report generator to existing data files (QSAM, VSAM, ISAM) and data bases (IMS, IDMS, TOTAL, ADABAS) as well as its own files.
  - FOCUS Interactive Data Entry Language (FIDEL) provides screen formatted data entry for transaction-oriented applications.
- FOCUS is operational on IBM 370, 4300, 30XX, or compatible mainframes running under VM/CMS, OS, or MVS(TSO, CICS, IMS/DC). Purchase price ranges from \$43,000 to \$120,000. There are approximately 600 in-house installations of FOCUS.
  - FOCUS is also provided on a timesharing basis and has over 300 customers worldwide. It is available on the Tymshare Tymnet network in the U.S. and overseas from Tymshare U.K., Datema (Sweden), and CEGI (France).
  - In mid-1982 Information Builders established an Application Products Group to implement a broad range of FOCUS-based applications products.
    - An interface between FOCUS and Standard and Poor's COMPUSTAT II financial data base, the Group's initial product release, is priced at \$5,000.
    - FOCUS/PGO (Presentation Graphics Option), an interface between FOCUS and Integrated Software Systems Corporation's (ISSCO) TELL-A-GRAF graphics and plotting package, is also available. The product

## INFORMATION BUILDERS, INC.

allows charts and graphs on more than 80 different graphics devices and terminals from various vendors to be produced. FOCUS/PGO is priced at \$4,500.

- An interface between FOCUS and EXECUCOM's IFPS (Interactive Financial Planning System) financial and decision support package is priced at \$5,500.
- Information Builders also introduced a central data base version of FOCUS in 1982, allowing simultaneous file interaction by several users. The option is priced at \$8,500.
- In mid-1983 the company expects to release a version of FOCUS running on the IBM Personal Computer.
- FOCUS educational courses are available at Information Builders office locations or may be conducted on customer premises.
  - Basic and advanced courses are offered along with in-depth courses on decision support and host language interface.
  - A basic report preparation course for managers presents an overview of FOCUS capabilities tailored to management needs.

## INDUSTRY MARKETS

- FOCUS is marketed to Fortune 1000 companies in all industry sectors.

## GEOGRAPHIC MARKETS

- Ninety percent of Information Builders' 1982 revenue was derived from the U.S., and 10% from international locations.
  - U.S. branch offices are located in Palo Alto and El Segundo (CA), Oak Brook (IL), Arlington (VA), St. Louis, and Dallas.
  - FOCUS is marketed overseas through Information Builders U.K. in London. Overseas agents and affiliates are located in Australia, Japan, Egypt, the Netherlands, Germany, Sweden, Italy, France, South Africa, and Brazil.

## COMPUTER HARDWARE AND SOFTWARE

- Information Builders uses the services of several timesharing vendors for management and development purposes.
- The company also has one FORMATION F/4000 minicomputer running under CMS and numerous IBM Personal Computers installed at its corporate headquarters.





## COMPANY HIGHLIGHT

### INFORMATION BUILDERS, INC.

1250 Broadway  
New York, NY 10001  
(212) 736-4433

Gerald D. Cohen, President  
Private Corporation  
Total Employees: 60  
Total Revenues, Fiscal Year End  
12/31/80: \$4,600,000

**PRINCIPAL BUSINESS** Formed in 1975, Information Builders, Inc. markets FOCUS, a nonprocedural report preparation, data analysis and comprehensive data management system, to over 500 institutions worldwide.

### FINANCIALS

	1980	1979	1978 (\$ thousands)	1977	1976
- Total revenues	\$4,600	\$2,700	\$1,350	\$ 600	\$ 300
- Percent increase over previous year	70%	100%	125%	100%	—
- Management estimates revenues of \$8 million for 1981.					

### SOURCE OF REVENUE

- 100% Systems software products.

### PRODUCTS AND SERVICES

- FOCUS, developed by Information Builders, is an interactive, English-like nonprocedural programming language containing its own report generating and data base management facility. FOCUS increases productivity by providing greater ease in system development and maintenance. FOCUS consists of the following functional areas:
  - Report Generator/Query Language: creates reports from English sentences for ad hoc problem solving or standard reporting needs.
  - Relational File Structures: stores information in shared file structures, linking individual data fields from separate files.
  - Data Base Management and Updating: attends to all data capture, data validation and maintenance tasks.

## COMPANY HIGHLIGHT/INFORMATION BUILDERS, INC.

- **Plotting and Graphic Reporting:** includes graphs, point plots, bar charts, histograms and scatter diagrams.
- **Financial Report Models:** includes budgets, consolidations, forecasting, profit and loss, balance sheets, cash-flow analyses.
- **Formal Statistical Analysis:** provides analysis of data by formal methods such as regression, analysis of variance, cross-tabs, etc.
- **Reports from Existing Files:** provides interfaces for the report generator to existing data files ranging from simple sequential files to complex files such as IMS, IDMS, VSAM, ISAM, TOTAL, etc.
- **FOCUS Interactive Data Entry Language:** provides screen formatted data entry for transaction-oriented applications.
- FOCUS can be installed on any IBM System/370, 4300 Series or compatible mainframe running under OS/TSO, VSI, VS2, MVS, VM/370, CMS, CICS or IMS/DC. Purchase price ranges from \$43,000 to \$105,000. There are approximately 150 in-house installations of FOCUS.
- FOCUS is also provided on a timesharing basis and has over 400 customers worldwide. It is available on the Tymshare Tymnet network in the U.S. and overseas from Tymshare U.K., Datema (Sweden) and CEGI (France).
- Color graphics capabilities were added to FOCUS in 1980, allowing users to produce high-resolution bar graphs, pie charts, curves and histograms in full color on Tektronix 4027 display terminals. The system uses Tektronix 4662 or Hewlett-Packard HP7720 flatbed plotters.
- Major competition to FOCUS includes Mathematica's RAMIS II and INQUIRE from Infodata Systems, Inc.

**INDUSTRY MARKETS** FOCUS is marketed to Fortune 1000 companies in all industry sectors.

### GEOGRAPHIC MARKETS

- 95% United States.
- 5% International.
- U.S. branch offices are located in Palo Alto (CA) and Oak Brook (IL).
- FOCUS is marketed overseas through Information Builders U.K. in London.

### COMPUTER HARDWARE

- Information Builders uses the services of several timesharing vendors for management and development purposes.

## COMPANY HIGHLIGHT

### INFORMATION CONSULTANTS INC.

1012 20th Street N.W.  
Washington, D.C. 20036  
(202) 785-0115

Merle C. Garvis, President

Private

Total Employees: 50

Total Revenues Fiscal Year End

02/28/80: \$2.5 Million

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### THE COMPANY

- Information Consultants Inc. (ICI) was formed in 1969 to offer both consulting in systems design and contract programming. In 1972, ICI began offering remote computing services in the vicinity of Washington, D.C. Business activities now center on providing specialized timesharing services for the federal government in budget control, financial forecasting and data base management.
- ICI ended fiscal year 1980 with \$2.5 million in revenues. The company has experienced a 15-20% annual growth rate since its inception. ICI projects a 40% increase for 1981.
- The company's subsidiary, PTH Communications Inc. in Lorton (VA), publishes two periodicals: Washington Motor Vehicle Reports, covering government legislation and regulation in the automotive industry; and Performance Industry Report, following marketing trends in the automotive after-market.
- The primary competitor of ICI is the Service Bureau Company, a subsidiary of Control Data Corporation.
- ICI increased its full-time staff from 40 employees in 1979 to 50 in 1980. Employees are categorized as follows:

-	Marketing/sales	7
-	Professional/technical	36
-	Administrative	7
		<hr/>
		50

### KEY PRODUCTS AND SERVICES

- ICI 1980 revenues are estimated as follows:

INFORMATION CONSULTANTS INC.  
1980 REVENUE SOURCES

SERVICE TYPE	% OF TOTAL	REVENUE VALUE (\$ MILLION)
Processing services	60%	\$1.5
Software products	5	0.1
Professional services and turnkey systems	35	0.9
TOTAL	100%	\$2.5

- Processing services revenues are derived from remote computing that is primarily offered interactively.
  - Sixty percent of ICI's timesharing services are used by the federal government and the remaining 40% by associations.
- ICI has developed proprietary software specifically for financial forecasting and data management. The following packages are available over the network:
  - Admit, ICI's Advanced Data Management Interactive Translator, is a data base management system that provides on-line access to data bases of varying size and complexity. Admit generates separate programs for file maintenance, information retrieval and report writing.
  - AIMS is a textual version of Admit.
  - Fiscal is a proprietary spread sheet producing budget and fiscal modeling systems. Applications include:
    - Personnel impact.
    - Project cost summary.
    - Project estimation.
    - Depreciation and scheduling.
    - Banking transactions.
    - Federal or corporate budgeting.
    - Cash flow projection.
    - Profit/loss projection.
    - Lease/purchase accounting.

## COMPANY HIGHLIGHT/INFORMATION CONSULTANTS INC.

- . Inventory control.
- Admit and Fiscal are ICI's most widely used products.
- The company offers a data base relating to legislative actions in the automobile industry.
- General business applications offered include general ledger, accounts receivable and payroll.
- Programming languages supported by the company are: Basic, APL, Fortran, Algol, Cobol and Macro.
- ICI has developed an ICI-LINK-20 that allows DEC processors to communicate with each other. It provides the capability and flexibility to transfer data files, output print files, and input job streams to alternate systems. The ICI LINK-20 package provides accessibility to peripheral options on other mainframes co-located or at remote sites.
- The company has developed RJE-20, which permits the DEC system-20 family to support IBM 2780 remote job entry stations.
- ICI offers its software for in-house use and has sold a total of 20 packages. Software is priced as follows:

PRODUCT	PRICE
Fiscal	\$40,000
Admit	60,000
RJE-20	21,000
ICI-Link	5,800

- Software is available in on-line, batch and remote batch modes, and is written in COBOL.
- Fiscal and Admit are installed on DEC 20, IBM systems 360 and 370, Honeywell 6000 and Univac 1100 systems, and will support an IBM TSO environment.
- RJE-20 and ICI Link-20 are compatible with DEC 20 systems. ICI is accelerating its marketing activities for these products and plans to market them in Canada this year.
- The company derives \$900,000 (35%) of total revenues from the sale of turnkey systems and consulting and contract programming.

## COMPANY HIGHLIGHT/INFORMATION CONSULTANTS INC.

- ICI offers Admit and Fiscal on a turnkey basis either in conjunction with applications or as a problem-solving tool. Typically, systems will range in price from \$150,000 to \$300,000, depending on the size of the application area. ICI prefers to offer systems on a purchase basis and to date has installed two.

### INDUSTRY MARKETS

- The federal government accounts for 60% of the company's revenues. The remaining revenues come from associations.

### GEOGRAPHIC MARKETS

- ICI's revenues are derived from within the U.S.
  - As the federal government is the company's primary client, the majority of its business tends to be in the Washington, D.C. area.

### COMPUTER HARDWARE

- Computer equipment used for timesharing and testing and development purposes consists of two DEC 20s with the TOPS 20 operating system.
  - ICI's data center is located in Washington, D.C. Clients access the network via WATS lines and Telenet.

**COMPANY  
PROFILE**

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**INFORMATION MANAGEMENT  
CORPORATION**

3131 Elliott Avenue  
Suite 600  
Seattle, WA 98121-1047  
Phone: (206) 282-1880  
Fax: (206) 282-7008

President: Chris A. Johnson  
Status: Private Company  
Employees: 18  
Revenue: \$1,500,000\*  
FYE: 11/30/93

\*INPUT estimate

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**Key Points**

- Information Management Corporation (IMC) provides application software products and professional services for retail industry.
- IMC is an Industry Application Specialist (IAS) for International Business Machines (IBM) for the AS/400.
- IMC has positioned its products as complimentary to JD Edwards accounting applications. IMC is the provider of retail systems products for JD Edwards.

**Company Description**

Information Management Corporation (IMC) is an owner operated company founded in 1981. IMC provides application software products and professional services for the retail industry.

**Alliances**

IMC is an Industry Application Specialist (IAS) for International Business Machines (IBM) for the AS/400.

IMC has positioned its products as complimentary to JD Edwards accounting applications. IMC is the provider of retail systems products for JD Edwards.

**Financials**

IMC management projects that fiscal 1993 revenue will reach \$2 million, an increase of 33% over fiscal 1992 revenue. A three-year revenue summary follows:

INFORMATION MANAGEMENT CORPORATION  
THREE-YEAR REVENUE SUMMARY  
(\$ millions)

ITEM	FISCAL YEAR		
	11/92	11/91	11/90
Revenue	\$1.5	\$1.1	\$1.1
Percent increase from previous year	36%	0%	

**Key Products and Services**

Approximately 50% of IMC's revenue is derived from application software products and 50% from professional services.

RAPID (Retail Application Programs for Intelligent Decisions) is IMC's specialty retail chain management system targeted to retail chains with 10 to 500 stores.

- RAPID/HOST<sup>TM</sup> (Home Office Systems) is designed to run on the IBM AS/400, and use the accounting modules from JD Edwards application set as the base system. IMC developed RAPID using JD Edwards' CASE tools in order to seamlessly integrate IMC products with JD Edwards products. The first site was installed in 1990.
- RAPID/POS<sup>TM</sup> (Point of Sale) is designed to run on an IBM personal computer with a cash drawer, modem, and full screen monitor. A local area network is used to integrate multiple registers



within each store. Each location is polled on a nightly basis and the day's information is uploaded and processed by an AS/400. This procedure makes sales information available each morning. The first site was installed in 1989.

- The RAPID/POST<sup>TM</sup> package supports point-of-sale functions, including data collection of sales merchandise, transfers, physical inventory, payroll information, as well as basic cash register functions.

Professional services are provided and include the following services:

- Training and support services, such as installation and training.
- Modifications to software for its clients.

#### **Industry Markets**

Approximately 90% of IMC's revenue is derived from the retail industry. The remaining 10% is derived from various other industries.

#### **Geographic Markets**

Virtually all of IMC's revenue is derived from the U.S. The company has installed software for one client in Australia.



## COMPANY PROFILE

### INFORMATION MANAGEMENT CORPORATION

3131 Elliott Avenue  
Suite 600  
Seattle, WA 98121-1047  
(206) 282-1880

Chris A. Johnson, President  
Private Company  
Total Employees: 18  
Total Revenue, Fiscal Year End  
11/30/90: \$1,500,000\*

\*Company estimate

### The Company

Information Management Corporation (IMC) provides application software products and professional services for retail and cross-industry applications.

IMC management projects that fiscal 1990 revenue will be \$1.5 million, the same as fiscal 1989 revenue. A three-year revenue summary follows:

INFORMATION MANAGEMENT CORPORATION  
THREE-YEAR REVENUE SUMMARY  
(\$ millions)

ITEM	FISCAL YEAR		
	11/90	11/89	11/88
Revenue	\$1.5	\$1.5	\$1.1
• Percent increase from previous year	--	36%	N/A

### Key Products and Services

Approximately 50% of IMC's revenue is derived from application software products and 50% from professional services.

IMC has developed and markets FACIT, a proprietary point-of-sale system for IBM PS/2 computers. The company has sold over 300 FACIT systems.

RAPID (Retail Application Programs for Intelligent Decisions) is IMC's specialty retail chain management system targeted to retail chains with 20 to 200 stores.

- RAPID/HOS<sup>TM</sup> products run on the IBM AS/400 and provide store support, merchandise management, credit and collections, and human resources management. J.D. Edwards' accounting software provides the base for RAPID/HOS.

- **RAPID/POST™** runs on the IBM PS/2 or IBM 4684 and supports point-of-sale functions, including data collection of sales merchandise, transfers, physical inventory, payroll information, as well as basic cash register functions.

IMC is the exclusive distributor for Ben Bridge Software System, an information management system developed by Ben Bridge Jewelers for retail chains with 4 to 20 stores. The product is available for IBM System/36 and AS/400 computers. IMC generally receives a 50% commission from these sales.

Professional services are provided exclusively to the retail industry and include the following services:

- IMC provides training and support services, such as installation and consulting for IBM System/36 and AS/400 computers.
- The company also develops customized software for its clients.

**Industry Markets**

Approximately 90% of IMC's revenue is derived from the retail industry. The remaining 10% is derived from various other industries.

**Geographic Markets**

Virtually all of IMC's revenue is derived from the U.S. The company has installed software for a client in Australia.

## COMPANY PROFILE

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### INFORMATION MANAGEMENT CORPORATION

3131 Elliott Avenue  
Suite 600  
Seattle, WA 98121-1018  
(206) 282-1880

Chris Johnson, President  
Private Company  
Total Employees: 23  
Total Revenue, Fiscal Year End  
11/30/89: \$1,500,000\*

\*Company estimate

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#### The Company

Information Management Corporation (IMC) provides application software products and professional services for retail and cross-industry applications.

IMC management projects that fiscal 1989 revenue will reach \$1.5 million, a 36% increase over fiscal 1988 revenue of \$1.1 million.

#### Key Products and Services

Approximately 50% of IMC's revenue is derived from application software products and 50% from professional services.

IMC has developed and markets FACIT, a proprietary point-of-sale system for IBM PS/2 computers. The company has sold over 300 FACIT systems.

IMC is a distributor for two application software products designed for IBM System/36 and AS/400 computers as follows:

- IMC is the exclusive distributor for Ben Bridge Software System, an information management system for retail stores developed by Ben Bridge.
- IMC is the exclusive Northwest distributor of a cross-industry accounting package called J.D. Edwards, developed by J.D. Edwards.
- IMC generally receives a 50% commission from the sale of these products.

Professional services are provided exclusively to the retail industry and include the following services:

- IMC provides training and support services, such as installation and consulting for IBM System/36 and AS/400 computers.

- The company also develops customized software for its clients.

**Industry Markets**

Approximately 90% of IMC's revenue is derived from the retail industry. The remaining 10% is derived from various other industries.

**Geographic Markets**

Virtually all of IMC's revenue is derived from the U.S. The company recently installed software for a client in Australia.

In addition to its headquarters in Seattle, the company has a branch office in Wilmington (NC).

## COMPANY BRIEF

Cross Industry: Accounting

### Information Management Corporation

3131 Elliott Avenue  
Suite 600  
Seattle, WA 98121-1018  
(206) 282-1880

CEO: Chris Johnson, President  
Private Company  
Founded: 1981

Employees: 12 (11/86)  
Revenue (FYE 11/30/85): \$500,000

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**The Company:** Information Management Corporation provides application software products and professional services to retail and other industry markets

### Sources of Revenue:

- Application Software (50%)
- Professional Services (50%)

### Key Products and Services:

- Application Software (Utilizes IBM System/36 and 38 computers)
  - Information Management Corporation is the exclusive Northwest distributor of a cross-industry accounting package called J. D. Edwards, developed by J. D. Edwards. The package is available for IBM System/36 and 38 and provides:
    - General ledger
    - Accounts payable
    - Accounts receivable
    - Payroll
    - Job cost accounting
    - Purchasing
    - Inventory control
    - Property and equipment management
    - Address book
  - Information Management is the exclusive distributor of an information management system for jewelry chain stores called Ben Bridge, developed by Ben Bridge. The system runs on the IBM System/36 and provides the following applications:
    - Perpetual inventory control
    - Retail accounts receivable (credit)

October 1986

- Layaway tracking
  - Payroll
  - Purchase order management
  - General ledger
  - Point-of-sale
- Professional Services
    - Information Management Corporation provides training and support services, such as installation and consulting, for IBM office automation products running on the IBM PC series and the System/36 and 38, including the DisplayWriter family of products
    - Information Management Corporation also develops custom software related to their applications products for IBM Systems/36 and 38 computers

**Target Industries:**

- Retail (40%)\*
- All other industries (60%)\*

**Geographic Markets:**

- U.S. (100%)
- An East Coast sales office will open in Wilmington (NC) in March 1987

**Other:**

- Fiscal 1986 revenue will be about the same as fiscal 1985 revenue

\*INPUT estimate

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## COMPANY PROFILE

**INFORMATION MANAGEMENT  
INTERNATIONAL**  
2525 East Bayshore Road  
Palo Alto, CA 94303  
(415) 493-2100

Richard Sorensen, President  
Private Corporation  
Total Employees: 120  
Total Revenue: Fiscal Year End  
12/31/85: \$9,600,000

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### THE COMPANY

- Information Management International (IMI), founded in 1969, provides processing services, software products, contract programming and consulting professional services, and turnkey systems, primarily to vertical industry markets.
- IMI's products and services are divided into four major classifications, as follows:
  - IMI HEALTH SYSTEMS, a division of IMI, provides MEDI-VISIT<sup>®</sup>, a related series of products offering batch processing, remote processing, and turnkey systems for home health agencies.
  - The IMI ACcT<sup>T.M.</sup> Network provides on-line data base and communications network services to collection agencies and credit grantors.
  - The IMI Direct Response division provides batch computing services to firms and organizations that use the mails to promote or deliver their goods and services and to those that require the tracking of subscriptions or contribution commitments.
  - The remainder of IMI's products and services are classified under "Other Products/Services" and include the operation of two satellite centers: one at NASA Ames Research Center providing mathematical analysis, and another in Calabasas (Los Angeles County) providing processing for entertainment industry guilds. In addition IMI has several long-standing custom commercial accounts.
- IMI's 1985 revenue was \$9.6 million, a 9% decrease from 1984 revenue of \$10.5 million. IMI management expects 1986 revenue to be approximately \$9 million with subsequent annual growth of 25%.

## INFORMATION MANAGEMENT INTERNATIONAL

- IMI's 120 employees are distributed approximately as follows:

Marketing/sales	10
Software services/customer support	52
Computer operations	47
General and administrative	<u>11</u>
	120

- IMI's major competitors by product classification include:
  - Credit/collection services: Computer Collection Systems, Collection Data Systems, and Columbia Ultimate Business Systems.
  - Direct Response: Merchandising Methods, Inc.
  - Home health care services: InfoMed and Computer Resources, Inc.

### KEY PRODUCTS AND SERVICES

- IMI's 1985 revenue for combined company operations was derived as follows:

Processing services		75%
Batch processing	40%	
Remote computing	35%	
Software products		10
Professional services		10
Turnkey systems		<u>5</u>
		100%

- Revenue percentages were the same for 1984.
- IMI HEALTH SYSTEMS, a division of IMI, provides processing services and turnkey systems to approximately 300 home health agencies nationwide through its MEDI-VISIT® family of reporting systems.
  - The MEDI-VISIT automated batch system produces billing for Medicare, Medicaid, and other third-party payors in compliance with federal and state regulations. Other features include accounts receivable processing, and management and statistical report generation. Customer service representatives provide quality control by telephone for error correction.
  - The MEDI-VISITplus™, available on Convergent Technology or IBM microcomputers, is a remote entry system designed for medium-sized agencies. Data is entered and edited on an IMI Health Systems microcomputer and then transmitted to an IMI data center via conventional phone lines for the processing of billing and report generation. Additional software options available for use on the IMI Health Systems microcomputer include:

- Payroll/accounting.
  - Financial spreadsheet.
  - Starts of care.
  - Treatment plan.
  - Word processing.
- MEDI-VISIT/TOPS<sup>T.M.</sup> (Total On-site Processing System) is a mini-computer turnkey system, based on Convergent Technology equipment, that provides an agency with all the features of the remote computing system in-house, with the addition of patient scheduling and report generation capabilities. There are currently approximately three test installations of the system.
- IMI provides processing services to over 120 collection agencies and major credit grantors in the western U.S. via the ACcT<sup>T.M.</sup> Network (Advanced Collection Control Technologies).
  - The ACcT Network provides on-line access to a data base of over five million debtor records containing current credit histories and account status. The system provides for read-only search capabilities across agreeing members' files for skip tracing purposes, electronic forwarding of accounts and electronic mail messages between members, and the multiple combining of debts from various credit grantors.
  - Other features include generation of pre-collection notices and dunning letters with client selected text messages, and trust accounting for monies collected. The system also calculates and accrues interest owed for current balance-owed information updating.
- IMI's Direct Response services provide batch processing for the direct response industry. The product area consists of a List Maintenance System, List Processing subsystems, and Subscription Fulfillment services.
  - IMI's List Maintenance System permits customers to maintain, update, and refine customer lists, demographics, and other information on a scheduled basis. The system generates reports for producing counts of specific codes, demographic profiles, and tracking of transactions affecting the master list.
  - List processing services include merging and purging of lists, eliminating duplications between lists, presorting of lists for mailing cost savings, printing and labeling of mailing materials, and the manipulation of lists for targeted direct response campaigns.
  - Subscription Fulfillment services are designed to provide publications with control over the subscription and renewal process and charitable organizations with a method of tracking pledges.

## INFORMATION MANAGEMENT INTERNATIONAL

- IMI's "Other Products/Services" include the following:
  - IMI supplies support personnel to the Mountain View (CA) Ames Research Center of the National Aeronautics and Space Administration (NASA). The support personnel provide reduction analysis of data collected from space probes and earth atmosphere experiments.
  - Through their data center in Calabasas (CA), IMI provides processing services for major guilds and pension funds in the entertainment industry. Processing services include custom software for membership accounting, billing, pension checks, residual accounting, insurance eligibility, insurance claims processing, mailing lists, and general accounting functions.

### INDUSTRY MARKETS

- IMI's industry market revenue is segmented approximately as follows:

Direct response	25%
Finance	25
Medical	25
Entertainment unions	10
Other	<u>15</u>
	100%

### GEOGRAPHIC MARKETS

- One hundred percent of IMI's 1985 revenue was derived from the U.S. and clients are evenly distributed throughout the country.
- IMI maintains branch offices in Los Angeles and Palo Alto (CA).

### COMPUTER HARDWARE AND SOFTWARE

- IMI has the following mainframe equipment installed at its data centers in Palo Alto and Calabasas (CA).
  - 2 Burroughs 4900s, MCP 6.5.
  - 1 Burroughs 1855, MCP 6.5.
  - 1 NCR Criterion 8565, VRX.
- IMI's networks are accessed via dial-up and leased lines.

## COMPANY PROFILE

**INFORMATION MANAGEMENT  
INTERNATIONAL**  
1101 South Winchester Boulevard  
San Jose, CA 95128  
(408) 248-8250

Allen Guggenheim, Chairman and  
President  
Private Corporation  
Total Employees: 170  
Total Revenue: Fiscal Year End  
12/31/84: \$10,500,000

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### THE COMPANY

- Information Management International (IMI), founded in 1969, provides processing services, software products, contract programming and consulting professional services, and turnkey systems.
- IMI's products and services are divided into four major classifications, as follows:
  - The IMI Health Systems Division provides batch processing, remote computing, and turnkey systems for home health agencies.
  - IMI's ACcT<sup>TM</sup> Network provides on-line data base and communications network services to collection agencies and credit grantors.
  - The IMI Direct Response product area provides batch computing services to firms and organizations that use the mails to promote or deliver their goods and services and those that require the tracking of subscriptions or contribution commitments.
  - The remainder of IMI's products and services are collected under the heading "Other Products/Services" and include providing professional services personnel for NASA's Ames Research Center, processing services for entertainment industry unions, proprietary software products and contract programming services.
- IMI's 1984 revenue reached \$10.5 million, a 5% decrease from 1983 revenue of \$11.0 million. IMI management expects 1985 revenue to reach \$11.0 million.
- IMI's 170 employees are distributed approximately as follows:

Marketing/sales	6
Software services/ customer support	78
Computer operations	75
General and administrative	<u>11</u>
	170

## INFORMATION MANAGEMENT INTERNATIONAL

- IMI's major competitors by product classification include:
  - Credit/collection services: Computer Collection Systems, Collection Data Systems, and Columbia Ultimate Business Systems.
  - Direct Response: Merchandising Methods, Inc.
  - Home health care services: InfoMed.

### KEY PRODUCTS AND SERVICES

- IMI's 1984 revenue for combined company operations was derived as follows:

Processing services	75%
Batch processing	40%
Remote computing	35%
Software products	10
Professional services	10
Turnkey systems	5
	<hr/>
	100%
- IMI Health Systems, a division of IMI, provides processing services and turnkey systems to approximately 300 home health agencies nationwide through its MEDI-VISIT® family of reporting systems.
  - The MEDI-VISIT® automated batch system produces billing for Medicare, Medicaid, and other third-party payors in compliance with federal and state regulations. Other features include accounts receivable processing, and management and statistical report generation. Customer service representatives provide quality control by telephone for error correction.
  - The MEDI-VISITplus™ is a remote entry system designed for medium-sized agencies. Data is entered and edited on an IMI Health Systems microcomputer and then transmitted to an IMI data center via conventional phone lines for the processing of billing and report generation. Additional software options available for use on the IMI Health Systems microcomputer include:
    - Payroll/accounting.
    - Financial spreadsheet.
    - Starts of care.
    - Treatment plan.
    - Word processing.
  - MEDI-VISIT/TOPS™ (Total On-site Processing System) is a mini-computer turnkey system, based on Convergent Technology equipment, that provides an agency with all the features of the remote computing system in-house, with the addition of patient scheduling and report

generation capabilities. There are currently approximately three test installations of the system.

- IMI provides processing services to over 90 collection agencies and major credit grantors in the western U.S. via the ACcT<sup>TM</sup> Network (Advanced Collection Control Technologies).
  - The ACcT Network provides on-line access to a data base of over five million debtor records containing current credit histories and account status. The system provides for read-only search capabilities across agreeing members' files for skip tracing purposes, electronic forwarding of accounts and electronic mail messages between members, and the multiple combining of debts from various credit grantors.
  - Other features include generation of pre-collection notices and dunning letters with client selected text messages, and trust accounting for monies collected. The system also calculates and accrues interest owed for current balance-owed information updating.
- IMI also provides batch processing services for approximately 10 land development companies under the proprietary Land Development Accounting System (LANDAC). Applications available include accounts receivable, commission computation and recording, inventory control, sales and lead processing, and escrow accounting and control. LANDAC may also be purchased as a software package for IBM, HP, and Burroughs computers.
- IMI's Direct Response services provide batch processing for the direct response industry. The product area consists of a List Maintenance System, List Processing subsystems, and Subscription Fulfillment services.
  - IMI's List Maintenance System permits customers to maintain, update, and refine customer lists, demographic, and other information on a scheduled basis. The system generates reports for producing counts of specific codes, demographic profiles, and tracking of transactions affecting the master list.
  - List processing services include merging and purging of lists, eliminating duplications between lists, presorting of lists for mailing cost savings, printing and labeling of mailing materials, and the manipulation of lists for targeted direct response campaigns.
  - Subscription Fulfillment services are designed to provide publications with control over the subscription and renewal process and charitable organizations with a method of tracking pledges.
- IMI's "Other Products/Services" include the following:
  - IMI supplies support personnel to the Mountain View (CA) Ames Research Center of the National Aeronautics and Space Administration (NASA). The support personnel provide reduction analysis of data collected from space probes and earth atmosphere experiments.



## INFORMATION MANAGEMENT INTERNATIONAL

- IMI provides professional services contract programming and consulting with emphasis on financial areas. The technical staff offers systems and application software design, programming, implementation, maintenance, and documentation. Their primary hardware expertise is in Burroughs equipment but also includes other microcomputer and mainframe equipment from IBM, Hewlett-Packard, NCR, Tandem, and others.
- Through their data center in Woodland Hills (CA), IMI provides processing services for major guilds and pension funds in the entertainment industry. Processing services include custom software for membership accounting, billing, pension checks, residual accounting, insurance eligibility, insurance claims processing, mailing lists, and general accounting functions.

### INDUSTRY MARKETS

- IMI's industry market revenue is segmented approximately as follows:

Direct response	25%
Finance	25
Medical	25
Entertainment unions	10
Other	<u>15</u>
	100%

### GEOGRAPHIC MARKETS

- One hundred percent of IMI's revenue is derived from the U.S. and clients are evenly distributed throughout the country.
- IMI maintains branch offices in Los Angeles and Palo Alto (CA). Regional sales and customer support offices are located across the U.S.

### COMPUTER HARDWARE AND SOFTWARE

- IMI has the following mainframe equipment installed at its data centers in San Jose, Palo Alto, and Woodland Hills (CA).
  - 2 Burroughs 4900s, MCP 6.5.
  - 1 Burroughs 2900, MCP 6.5.
  - 1 Burroughs 1855, MCP 6.5.
  - 1 NCR Criterion 8565, VRX.
- IMI's networks are accessed via dial-up and leased lines.



## COMPANY HIGHLIGHT

**INFORMATION MANAGEMENT  
INTERNATIONAL**  
1101 South Winchester Blvd.  
San Jose, CA 95128  
(408) 248-8250

Alan Guggenheim, Chairman and  
President  
Private Corporation  
Total Employees: 250  
Total Revenue, Fiscal Year  
End 12/31/81: \$9,800,000  
Computer Services Revenue:  
\$9,310,000

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### THE COMPANY

- Information Management International (IMI), founded in 1969, provides processing, consulting services, software products, turnkey systems, and hardware for non-profit and government organizations, unions, and the finance, health care, and entertainment industries.
- In 1979, Societe Generale de Service et de Gestion (SG2) of France acquired an interest in IMI and initiated an agreement with IMI to exchange products, services, and expertise. SG2 provides computer services to Societe Generale, the sixth largest bank in the world.
- In January 1982 IMI acquired Diversified Computer Applications (DCA) of Palo Alto (CA), which provides processing for hospitals and the home health care industry. (Home health care refers to nurses and other medical professionals who attend patients in their homes.) DCA revenue for fiscal year end June 30, 1981 was \$4.2 million. The firm had 150 employees in mid-1981.
- IMI's 1981 revenue, not including the acquisition of DCA, was \$5.5 million, a 52% increase over 1980 revenue of \$3.6 million. Net income increased by approximately 30% in 1981.
- Combined 1981 revenue for IMI and DCA was \$9.8 million, a 23% increase over 1980 revenue of \$8 million.
- IMI recently formed a subsidiary, Automatic Industrial Applications, Inc., (AI2). It is anticipated that AI2 will provide systems engineering services for manufacturing companies requiring assistance in the fields of microcomputers, robotics, CAD/CAM, numerical control, and artificial intelligence technologies. This implies that the foregoing are artificial intelligence technologies. Many are not.
- IMI's major competitors include:
  - Financial services: Kirchman Corporation, Anacomp, Sheschnoff and Company, and Vining-Sparks.

- Health care services: Code 3, MCAUTO, and InfoMed.

## KEY PRODUCTS AND SERVICES

- 1981 revenue for combined company operations is derived from the following:

On-line processing	20%
Batch processing	30
Professional services	15
Software products	10
Turnkey systems	20
Hardware (excluding turnkey systems)	<u>5%</u>
	100%

- For the financial industry, IMI provides on-line and batch processing, software products, turnkey systems, and consulting.
  - International Banking System (IBS) is an on-line system which analyzes and controls international banking services. The system was developed in conjunction with Crocker Bank and is available on IMI's network or as a software package. IBS consists of five integrated modules which are also capable of operating independently. They are:
    - Trading, for foreign exchange and money market transactions.
    - Commercial, for lending and trade finance.
    - Due To/Due From, for correspondent bank and customer demand accounting.
    - General ledger.
    - Reporting and Customer Profitability Analysis.
  - Batch mortgage accounting services are provided for land development companies, using a proprietary Land Development Accounting System (LANDAC). Services include accounts receivable, commission computation and recording, inventory control, sales and lead processing, and escrow accounting and control.
    - Approximately 10 clients are using LANDAC.
    - LANDAC may also be purchased as a software package.
  - In mid-1981, IMI executed a license agreement with Computer Systems International of Hawaii (CSI). IMI will use CSI's domestic banking system to provide on-line processing for bank accounting data. The CSI system will be initially offered by IMI in California only, under the name INFORM.

## INFORMATION MANAGEMENT INTERNATIONAL

- IMI has developed a staff of consultants specializing in international banking. Current activities include installation of NCR-based international banking systems in Tokyo, Hong Kong, and Singapore.
- IMI entered into an exclusive agreement with Merlin Information Systems in late 1981 to market Merlin's KeyBank System throughout the U.S. Based on an Apple II Plus microcomputer, the turnkey system is designed for community banks and savings and loans. Applications include asset/liability management, fixed asset accounting, profit planning, budgeting, accounts payable, stock portfolio analysis, personalized direct mail, word processing, and data base management. IMI markets the system under the name INFORMplus.
  - IMI has opened 12 U.S. sales offices to market INFORMplus.
  - Approximately 30 systems have been sold to date.
  - INFORMplus sells for \$24,950.
- As a result of its aquisition of Diversified Computer Applications, IMI now offers processing and turnkey systems for the health care industry. Diversified Computer now operates as IMI's DCA Health Systems Division.
  - MED-ART is a batch medical records system for hospitals. It provides patient statistics, tracks physician activity, and generates reports for hospital accreditation, quality control, and general analysis. MED-ART has about 200 users.
    - MED-ART 250 is a turnkey patient data base system based on the HP 250 minicomputer. The system is in the final stages of development, and will operate in stand-alone or distributed processing modes.
  - MEDI-VISIT is a batch system for the home health industry, and includes direct billing and statistical reporting functions. MEDI-VISIT has 200 users.
  - EMStat is a batch system designed for emergency health service facilities. It provides data on patient care and utilization patterns. Ten users access EMStat on IMI's network.
  - DCA Health Systems is currently developing a turnkey system for the home health industry. Based on a Cromemco microcomputer, it will include word processing, general ledger, and payroll accounting.
- IMI's southern California data center provides batch and on-line processing for the entertainment industry. Clients include casting and production companies, the Screen Actors' and Screen Writers' Guilds, and their pension funds. Services include accounting, residual payments, and mailing list maintenance.

## INFORMATION MANAGEMENT INTERNATIONAL

- IMI provides a wide range of batch processing services for non-profit, labor, and community organizations. Currently under development is an on-line version of these services. Services include membership and dues tracking for labor unions and associations; mailing, pledge accounting, and receivables accounting for fund raising charities and religious organizations; and list maintenance and mailing for community service organizations. IMI has about 10 of these clients.
- IMI provides data reduction and analysis services for NASA/Ames scientists by performing mathematical computations in areas including planetology data and space probes.
- IMI is a worldwide distributor for Cromemco microcomputers. Most hardware is sold on a turnkey basis including high resolution graphics, word processing, data base management, or financial planning packages that IMI licenses from several vendors.
  - Microcomputers and components (memory boards, etc.) are also sold without software.
  - As a Cromemco distributor, most of IMI's customers are OEMs; the remainder are commercial end users.
- A backup and disaster recovery service for Burroughs medium-sized computer users is planned in the near future, and will be offered through IMI's Palo Alto (CA) data center.

### INDUSTRY MARKETS

Banking and finance	25%
Medical/hospital	25
Entertainment	15
OEMs	20
Other	<u>15%</u>
	100%

### GEOGRAPHIC MARKETS

- Ninety percent of IMI's business is within the U.S., and clients are evenly distributed throughout the country. The remaining ten percent is international; most clients are located in Europe, with a few in Canada and the Far East.
- IMI maintains branch offices in Los Angeles and Palo Alto (CA). Regional sales offices are located in Kansas City, Houston, Indianapolis, Decatur (GA), Morristown (NJ), Woburn (MA), St. Louis, King of Prussia (PA), Federal Way (WA), Dallas, and Englewood (CO).

## COMPUTER HARDWARE AND SOFTWARE

- IMI maintains data centers and technical staffs in San Jose, Palo Alto, and Los Angeles (CA). Remote job entry stations are located in New York, Chicago, Los Angeles, San Francisco, Tokyo, and London. The following equipment is installed:
  - 2 Burroughs 4800s, MCP 6.5.
  - 2 Burroughs 4700s, MCP 6.5.
  - 2 Burroughs 1855s, MCP 6.5.
  - 1 NCR Criterion 8565, VRX.
- IMI's network is accessed via dial-up or leased lines.



*Dropped 1/81*

## COMPANY HIGHLIGHT

**INFORMATION MANAGEMENT  
INTERNATIONAL**  
1101 S. Winchester Boulevard  
San Jose, CA 95128  
(408) 248-8250

Allen Guggenheim, President and  
Chairman  
Private corporation  
Computer services employees: 70  
Revenues, fiscal year end 12/78:  
\$2.1 million\*

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### THE COMPANY

- Information Management International (IMI) was founded in 1969 as Alton Associates, a professional services company. IMI acquired Information Management Inc. in 1972 and changed the name. Originally founded as a computer consulting company, IMI now provides a range of specialty accounting services to the commercial marketplace.
- Revenues have increased an average 27% annually from \$1.3 million in fiscal 1976 to a projected \$2.1 million in fiscal 1978.
- In May 1977, IMI formed a joint venture with Central Casting Corporation in Los Angeles. The Central Casting data center, operated by IMI, serves Central Casting Corporation, its affiliates, and various industry guilds, health, and pension plans.
- In February 1978, management announced it had received a second FM contract with the entertainment industry. The new contract is with the Motion Picture and Television Fund. It is separate from the Central Casting contract.

\*Management projection

October 1978

## COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

### KEY PRODUCTS AND SERVICES

- IMI offers a variety of computer services to its approximately 120 clients, as shown below:

SERVICE	% OF REV.	NO. OF CLIENTS	APPLI-CATIONS OFFERED	INDUSTRIES SERVED
Local Batch Processing	25%	100		Banking, Land Finance, Labor Union, Entertainment, Pharmacy, Non-Profit
Consulting and Software Development	5%	5		Banking, Entertainment, Pharmacy, Land Finance
Facilities Management	30%	3		Banking and Entertainment
Remote and On-Line Computing	30%	5		Banking, Entertainment, Labor Union

- IMI products, often industry specialized accounting services, include:
  - International Banking Accounting Systems
  - LANDAC, land finance accounting
  - MediCal claims processing for pharmacies
  - Membership, dues, and tracking system, labor union guild accounting, and mail services
  - MAILAC, direct mail and contribution accounting for non-profit organizations
  - Entertainment industry accounting includes labor guild accounting.
- The International Bank Accounting System, available in on-line, remote batch, or batch mode, is a multi-currency system offering automatic conversion to both local and U.S. currency. Its three modules are listed below:
  - The Customer Liability Accounting module assists in the management of both commercial lending and money trading activities. It processes the following customer transactions:
    - Foreign exchange
    - Due from deposits placed



## COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

- Due to deposits taken
    - Commitments
    - Loans
    - Advances and guarantees
    - Letters of credit
    - Acceptances
    - Collections
    - Certificates of deposit
    - Investments
  - The Customer Ledger Accounting module provides processing for Due To, Due From, and Commercial Demand Deposit accounts. It has capabilities for the following:
    - Value dating for ledger and collected balances
    - Monitoring of compensating balance requirements
    - Interest accrual for overdraft charges on ledger or collected balances
    - Integration with Customer Liability Accounting
    - Overdraft interest rates based on prime rate plus customer-unique percentage
  - The General Ledger Accounting module combines data from the other two modules with that entered manually. It maintains separate balances by country and by currency and provides cash basis accounting of income and expense. The system provides automated interfaces with CHIPS (New York Clearing House for Interbank Payments System) and SWIFT (Society for Worldwide Interbank Financial Telecommunications). The reports available from this module include:
    - Trial balance
    - Income/expense by currency and country
    - Foreign source income analysis
    - Audit and control
  - The system is available on a remote facilities management (FM) basis through IML's San Jose data center. The network (leased lines) extends to London, New York, Chicago, Los Angeles, and San Francisco.
- LANDAC, IML's land development accounting system with five installations, is a financial system for land developers. Its 230 modules generate approximately 80 reports. Written in COBOL, it is designed to run on both Burroughs and IBM CPUs and is available as a software package for in-house use or on a remote FM basis. Its provides the following types of information:
    - Deposit, installment, and accrual accounting
    - Receivables
    - Commissions
    - Inventory
    - Sales and lead processing
    - Escrow sales
    - Mortgage collections
    - Trust accounting

## COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

- The Membership and Dues Tracking System for labor unions and guilds is a modular system to assist control of membership, dues payments, and mailing lists. Twelve reports include:
  - Batch recap report
  - Batch recap summary
  - Update error report
  - Update summary report
  - Master file change report
  - Master list
  - Error master list
  - Complimentary master list
  - Numeric master list
  - Payment summary by department
  - Mailing labels
  - Payment notice
- MAILAC, a mailing and accounting system for non-profit organizations, offers the following features:
  - Master file information with alphanumeric, numeric, date, and dollar fields
  - Label and report generation
  - Profile and statistical information including date oriented reports
  - Change, delete, and payment transactions controlled by unique keys
  - Edits, controls, and reports for dues payments, purchase recording, and subscription and pledge accounting
  - Tabulations of records added, changed, or deleted; and payments or renewals
- MediCal claims processing, offered in batch mode, is used by pharmacies in California.
- The entertainment industry accounting, offered on an FM basis through IMI's two entertainment industry contracts, includes the following services:
  - Payroll, casting, and accounting for producers
  - Membership accounting for entertainment guilds
  - Production accounting system for a film
  - On-location payroll system for a film

## COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

**APPLICATIONS** IMI processing revenues are primarily derived from specialty services for banks, entertainment groups, and labor unions.

### INDUSTRY MARKETS

- The majority of IMI revenues are generated by the banking industry as shown below:

Banking/finance		40%
Medical/hospital		5%
Other		55%
Unions	15%	
Entertainment	40%	
		<hr/> 100%

- Clients include:

- Crocker National Bank
- Talent Payments, Inc.
- Producers Guild
- Producers/Writers Guild Pension Plan
- Writers Guild Industry Health Fund
- Writers Guild West
- Motion Picture Pension Plan
- Screen Actors Guild
- Permanent Charities Committee
- Motion Picture Country House and Hospital
- Boise Cascade
- Westinghouse Credit
- Shastina Properties
- Transcentury Properties
- Sierra Charter
- Dart Industries
- Cal-Pacific Resources
- Producers & Screen Actors Guild Health & Welfare Fund
- March of Dimes
- Multiple Sclerosis
- California Tomorrow
- Sempervirens Fund
- Jewish Federation

## COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

### GEOGRAPHIC MARKETS

- The Pacific States region of the U.S. provides IMI's primary source of revenues as shown below:

Pacific States	95%
Northeast	5

- One data center is located in San Jose and two in Los Angeles, CA.

### COMPUTER HARDWARE AND SOFTWARE

- IMI has three separate data centers. Two offer services to the entertainment industry; one offers services to the banking industry.
- The data center in Woodland Hills, California, has an NCR 8450 and offers on-line services to the Motion Picture and Television Fund and other clients in the entertainment industry.
  - IMI-owned terminals, located in Los Angeles, Chicago, and New York, are on-line to the host computer in Woodland Hills.
  - Dedicated 7200 bits-per-second asynchronous lines connect the terminals and the host. IMI leases the lines from Southern Pacific Communications.
- The data center in Los Angeles, California, has a Burroughs B-1700 and also provides processing to entertainment industry users. Services include on-line processing through the Central Casting and miscellaneous batch services. Terminals are linked to the host computer via dial-up lines.
- The data center in San Jose, California, with a Burroughs B-4700, is used for bank processing services.
  - Client-owned remote terminals located in London, New York, Chicago, Los Angeles, and San Francisco are on-line to the host computer in San Jose.
  - This banking network is composed of dedicated 4800 bits-per-second synchronous lines. IMI leases the lines from AT&T and RCA.

## COMPANY HIGHLIGHT

INFORMATION MANAGEMENT INTERNATIONAL  
1101 S. Winchester Boulevard  
San Jose, Ca. 95128  
(408) 248-8250

Allen Guggenheim, President and  
Chairman  
Private corporation  
Computer services employees: 50  
Revenues, fiscal year end 12/76:  
\$1.3 million\*

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### COMPANY BACKGROUND:

- Information Management International (IMI), previously known as Information Management, Inc., was founded in 1969 when Alton Associates, a professional services company, acquired Information Management Inc. and changed the name. Originally founded as a computer consulting company, IMI now provides a range of specialty accounting services to the commercial marketplace.

### OVERALL ASSESSMENT:

- IMI's basic product is accounting software and systems. The delivery mode is accomplished through a variety of services such as facilities management (FM), remote computing services (RCS), batch processing, software development, and consulting; a relatively large number of service modes for a small company. FM and RCS together generate 50% of revenues but contribute only 3% of the IMI customer base, making IMI vulnerable to the loss of these clients.
- IMI claims to offer unique accounting services to the medical and pharmaceutical industries, and claims leadership in mutual fund accounting and COBOL program utility development. IMI's revenues have been static for two years. An operational profit is offset by a net deficit. IMI is in the process of restructuring its debt and dissolving a questionable acquisition. These actions should provide a more positive financial picture.
- Although IMI has been in business for seven years, it has not yet focused its energy on a set of services, rather, it seems to be going in several directions simultaneously. Because it is not focusing its energies, its resources are being dispersed. The company needs to decide where its key strength lies, then focus its energies on that service.
- With management concentration, a focused product line, and tighter management, the company could improve its profitability and its future prospects.

\*Estimate by Information Management International management.

December/1976

73.1

INPUT

COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

KEY PRODUCTS AND SERVICES:

- IMI offers a variety of computer services to its approximately 120 clients, as shown below:

SERVICE	% OF REVENUES	NUMBER OF CLIENTS	YEARS OFFERED	INDUSTRIES SERVED
Local Batch Processing	25%	100	5	Banking, Labor Union, Medical, Direct Mail
Consulting and Software Development	25%	10	7	Commercial Industry
Facilities Management	25%	2	5	Banking and Entertainment
Remote Computing	25%	1	4	Banking

- IMI products are basically accounting applications for a variety of industries. The products include:
  - international banking
  - land development accounting
  - Medical claims processing for medical and pharmaceutical industries
  - labor union accounting and mail services
  - direct mail and contribution accounting.

APPLICATIONS: One hundred percent of IMI applications are general business-oriented.

INDUSTRY MARKETS: The majority of IMI revenues are generated by the banking industry as shown below:

Banking/finance	60%
Medical/hospital	25%
Other (unions, etc.)	7%
Insurance	5%
Education	3%

December/1976  
73.2

COMPANY HIGHLIGHT/INFORMATION MANAGEMENT INTERNATIONAL

GEOGRAPHIC MARKETS: The Pacific States region of the U.S. provides IMI's primary source of revenues as shown below:

Pacific States	95%
Northeast	3%
West	2%

COMPUTER HARDWARE AND SOFTWARE:

- IMI has two computer centers: an RCS center with a Burroughs B4700 in San Jose, California; and an FM center with a Burroughs B1700 in Los Angeles (one of IMI's FM clients uses IMI equipment).
- Client-owned remote terminals located in London, New York, Chicago, Los Angeles, and San Francisco center via leased lines.





**INFORMATION RESOURCES, INC.**

150 North Clinton Street  
Chicago, IL 60661  
Phone: (312) 726-1221  
Fax: (312) 726-0360

Chairman & CEO:	Gian Fulgoni
Status:	Public
Stock Exchange:	OTC
Total Employees:	1,681
Total Revenue:	\$276,362,000
FYE:	12/31/92

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**Key Points**

- Information Resources, Inc. (IRI) provides a variety of information services, include the construction of a large, nationally representative scanner data base. IRI has positioned this data base with proprietary production and applications software designed to leverage its customer base and deliver value-added information.
- The company made a strong push into UNIX markets in 1992 by announcing support for a variety of UNIX platforms, including SUN UNIX<sup>®</sup>, HP-UX<sup>®</sup> from Hewlett-Packard, Digital Equipment Corporation's ULTRIX<sup>®</sup>, and IBM AIX<sup>®</sup>.
- In June 1992, the IRI joint venture, IRI European Information Services, completed the acquisition of NMRA Retail Audit Ltd., one of the remaining businesses of AGB, the U.K. market research company. IRI owns 60% of the joint venture along with Addison Consultancy of the U.K. and GfK of Germany. This acquisition supports IRI's strategic focus on increasing international sales.
- IRI has announced plans for the development of a new product offering called LogiCNet, which stands for "logistics communication network." LogiCNet will provide manufacturers with "real-time" access to sales and inventory data for their key retail accounts as well as forecasts of those retailers' future product needs.
- On November 17, 1992, IRI and Catalina Marketing Corporation announced the formation of a joint venture company, Catalina Information Resources, Inc. Catalina Information Resources will provide customers with enhanced decision making capabilities in the critical areas of monitoring retail stock conditions at store level.

**Company  
Description**

IRI provides proprietary data bases, analytic models, and decision support software to enable consumer packaged goods manufacturers to make better-informed decisions in selling and marketing products.

IRI's decision support products and executive information systems are also used across a wide range of industries worldwide.

**Company History**

Information Resources, Inc. was founded in 1979 to apply new technology to the collection and analysis of market data on consumer purchasing. The initial service was called BehaviorScan, an electronic data base of test marketing data.

Information Resources then launched InfoScan in 1987. InfoScan took the idea of a single-source marketing data base and expanded the data base into a nationally representative sample.

In 1993, IRI offers information services and software products and services.

**Operations/  
Structure**

IRI maintains branch offices in Los Angeles and San Francisco (CA), Darien (CT), Fairfield (NJ), New York, Philadelphia (PA) and Cincinnati (OH).

International offices are located in Australia, England, France, Belgium, Germany, Denmark, the Netherlands, Sweden, Canada, and Japan.

**Financials**

Total 1992 revenue for IRI reached \$276 million, a 24% increase over 1991 revenue of \$222 million. A three year financial summary follows:

**INFORMATION RESOURCES, INC.  
THREE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	1992	1991	1990
Revenue	\$276,362	\$222,689	\$179,789
Percent Increase from previous year	24%	23%	
Income before taxes	\$32,166	\$24,418	\$14,182
Percent increase from previous year	32%	72%	
Net income	\$19,247	\$15,386	\$4,299
Percent increase from previous year	25%	402%	
Earnings per share	\$ .78	\$ .66	\$ .22

Revenue growth in 1992 was attributed to strong growth in IRI's software and InfoScan product lines. Part of the results are attributable to an increase in the InfoScan client base as well as to increased utilization of the service by existing clients.

On October 31, 1990, IRI completed the spin-off of its wholly owned subsidiary, VideOcart, Inc. in a tax-free distribution.

## Acquisitions

Acquisitions made by IRI include the following:

- In June 1992, IRI completed the acquisition of NMRA Retail Audit Ltd., one of the remaining businesses of AGB, the U.K. market research company. IRI owns 60% of the joint venture along with Addison Consultancy (20% ownership) of the U.K. and GfK (15% ownership) of Germany.
- IRI announced on May 14, 1992, that it had completed an acquisition of the privately held company Towne-Oller & Associates, Inc. Towne-Oller is in the business of tracking deliveries of health and beauty aid products from retailer and wholesaler warehouses to 11,000 individual drug stores and 31,000 individual grocery stores. Towne-Oller was the only supplier of such data to the U.S. consumer packaged goods industry.

- In early 1989, IRI acquired Javelin Software Corporation for an undisclosed sum. Javelin Software Corporation develops and markets Javelin PLUS, a financial modeling product for microcomputers.
- In October 1988, IRI acquired the assets of Industry Systems Development, Inc.(ISD) for an undisclosed amount. ISD develops and markets retail automation software products.
- Effective January 1, 1987, IRI acquired ABA Groups, Inc., which markets several computer and data base services. The transaction was effected by a trade of approximately 612,000 common shares of IRI for all issued and outstanding shares of ABA Groups, Inc. Immediately subsequent to the merger, the name ABA Groups, Inc. was changed to ABA/IRI, Inc.

### Key Products and Services

IRI's products and services are composed of data base processing services and software license fees (termed "software support services" by IRI), marketing strategies testing and sales of IRI data base information (termed "information services" by IRI). A three-year source of revenue summary follows:

#### INFORMATION RESOURCES, INC. THREE-YEAR SOURCE OF REVENUE SUMMARY (\$ thousands)

ITEM	FISCAL YEAR					
	1992		1991		1990	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
• INFORMATION SERVICES	\$192,374	70%	\$156,919	70%	\$128,358	\$76%
• SOFTWARE SUPPORT SERVICES	\$83,988	30%	\$65,770	30%	\$51,431	24%
TOTAL REVENUE	\$276,362		\$222,689		\$166,700	

### SOFTWARE PRODUCTS GROUP

#### *Consumer Products Division*

The Consumer Products Division (CPD) delivers decision support software solutions to the consumer packaged goods industry.

DataServer™, a powerful decision support application designed specifically for packaged goods marketing and sales, is used as a foundation to deliver a family of expert systems called, "The Partners" (BrandPartner™, SalesPartner™ and PromotionManager™). These integrated expert systems help brand managers, sales managers, and field sales personnel quickly obtain sales and marketing information derived from scanner data.

DataServer is a relational data base management system designed specifically for scanner-based marketing information applications. DataServer is a mainframe-based product using pop-up windows and mouse control technology.

- DataServer offers seamless interfaces to many popular PC software products, including LOTUS and Ventura Publisher.
- DataServer is built on the language, EXPRESS, acquired by IRI in 1985.

The Consumer Products Division works closely with the Information Services Group to take advantage of InfoScan's unique data structures.

APOLLO™ Space Management Software is a software package designed to aid consumer packaged goods vendors in shelf layout design. The product utilizes scanner data to help the user design a retail shelf set that meets retail and customer needs. In 1991, Apollo BriefCase™, a Windows-based space management system, was introduced.

IRI/ISD's CORE is a software product designed to control communications to, from and within a store among like and disparate systems.

#### *General Systems Division*

The General Systems Division of the Software Products Group offers decision support software (DSS) and executive information systems (EIS).

EXPRESS®/EIS is a leading executive information system that combines EIS ease of use with a decision support system.

In 1991, IRI introduced Javelin™ for EXPRESS, a new application that combines the flexibility and ease of use of Javelin with the power and large data handling capabilities of EXPRESS.

## INFORMATION SERVICES GROUP

InfoScan<sup>®</sup>, the syndicated information service, is the flagship product of the Information Services Group.

InfoScan<sup>®</sup> tracks sales of all brands on a national and local level, taking into account variances in price, advertising and promotional activities.

- InfoScan's nationally representative sample includes 64 major metropolitan markets. Sales information is tracked in over 70,000 households, 2,700 supermarkets, 500 drugstores, and 250 mass merchandisers.

BehaviorScan<sup>®</sup> is IRI's principal testing service for gathering marketing data. BehaviorScan tracks the purchasing habits of members of a consumer panel.

- The panel members shop at participating stores just as any other consumer, except they identify themselves with a panel membership card at the checkout counter. Panel members purchases are then recorded using UPC scanning systems.
- Panel members' TV advertising intake is also regulated and monitored using "targetable TV," a system by which different advertising can be sent to different homes watching the same TV programs.

## Clients

In June 1992, Procter & Gamble (P&G) selected IRI to supply Procter & Gamble's needs for U.S. scanner-based store sales information for the entire company. This announcement represents an extension of IRI's current business with selected P&G sectors and divisions.

Other representative U.S. IRI clients are: Bristol-Myers, Kellogg, USA, R.J. Reynolds Tobacco, S.C. Johnson & Son, McNeil Consumer Products, Clairol Inc., Campbell Soup Company, H.J. Heinz, Transamerica Insurance Group, The Kroger Company, Pet Inc., E.J. Brach Corporation, Sterling Health USA, Alberto Culver Company, Nabisco Foods Group, Geo. A. Hormel & Co. and the Estee Corporation.

International clients include: Le Printemps, a diversified French firm whose business includes retail stores, Generale de Banque (Belgium), International Distillers & Vintners, Sandoz Group, France Abbey National, plc (U.K.), Necsy (Network Control System SpA) (Italy), Bristol-Myers Squibb (Holland).

**Competitors**

IRI's main competitor is Nielsen Marketing Research, a division of Dun & Bradstreet.

**Industry Markets**

IRI derived approximately 95% of its 1992 revenue from consumer packaged goods and non-consumer packaged goods manufacturers. Major clients include Nabisco, Johnson & Johnson, Procter & Gamble, General Foods, Kellogg, G. D. Searle, Kraft, General Mills, Quaker Oats, Ralston Purina, and Pepsi-Cola.

The remaining 5% of 1992 revenue was derived from grocery stores and grocery store chains.

**Geographic Markets**

In 1992, IRI derived 86% of its revenue from the U.S. and 14% from international sources. A three-year geographic source of revenue summary follows:

**INFORMATION RESOURCES, INC.  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE SUMMARY  
(\$ thousands)**

ITEM	FISCAL YEAR					
	1992		1991		1990	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
U.S.	\$241,607	87.5%	\$198,885	89.3%	\$155,533	86.5%
FOREIGN	\$34,755	12.5%	\$23,804	10.7%	\$24,256	13.5%
TOTAL	\$276,362	100%	\$222,689	100%	\$179,789	100%

**Computer Hardware and Software**

IRI maintains various IBM mainframes and microcomputers, DEC and Prime minicomputers, and Compaq systems in its U.S. and international offices.

In 1991, IRI opened a new Data Center with three IBM 3090 model 600E computers and several smaller mainframes. It is one of the largest computer facilities in Chicago.





## COMPANY PROFILE

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### **INFORMATION RESOURCES, INC.**

150 North Clinton Street  
Chicago, IL 60606  
(312) 726-1221

John Malec, Chairman  
Gian Fulgoni, Vice Chairman and CEO  
Public Corporation, OTC  
Total Employees: 1,681  
Total Revenue, Fiscal Year End  
12/31/88: \$129,170,000  
Information Services Revenue:  
\$40,000,000\*

\*INPUT estimate

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### **The Company**

Information Resources, Inc. (IRI) was organized in 1977 to apply new technology to the collection and analysis of market data on consumer purchasing. IRI develops and maintains data bases for batch and on-line processing services, and markets decision support software and other application software products primarily to the consumer packaged goods industry. IRI also provides marketing strategy testing services using its software and data bases.

Total 1988 revenue reached \$129.2 million, a 22% increase over 1987 revenue of \$105.5 million. Net income rose from a loss of \$4 million in 1987 to a gain of \$267,000 in 1988. A five-year financial summary follows:

**INFORMATION RESOURCES, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	1988	1987(a)	1986	1985	1984
Revenue	\$129,170	\$105,451	\$93,634	\$75,058	\$61,089
• Percent increase from previous year	22%	13%	25%	23%	34%
Income (loss) before taxes	\$450	\$(7,706)	\$17,931	\$15,882	\$9,991
• Percent increase (decrease) from previous year	106%	(143)%	13%	59%	86%
Net income (loss)	\$267	\$(3,965)	\$10,002	\$8,725	\$5,911
• Percent increase (decrease) from previous year	107%	(140)%	15%	48%	58%
Earnings (loss) per share (b)	\$0.02	\$(0.24)	\$0.60	\$0.53	\$0.37
• Percent increase (decrease) from previous year	108%	(140)%	13%	43%	54%

(a) Amounts in 1987 have been restated for the acquisition of Medialink and for the GfK Testmarkforschung joint venture startup costs.

(b) Reflects a 3-for-2 stock split effective June 1986.

Revenue growth in 1988 was attributed to sales of the company's InfoScan data base, decision support software sales, and ABA retailer services, primarily Apollo Space Management Systems.

IRI believes that losses in 1987 were principally due to a sales slowdown in the face of a potential merger with Dun & Bradstreet. At the end of 1987 the FTC ruled against the proposed merger of IRI and Dun & Bradstreet.

Research and development expenditures for the years ended December 31, 1988, 1987, and 1986 were approximately \$2.7, \$2.6, and \$2.4 million, respectively.

Acquisitions made by IRI include the following:

- In early 1989, IRI acquired Javelin Software Corporation for an undisclosed sum. Javelin Software Corporation develops and markets Javelin PLUS, a financial modeling product for microcomputers.
- In February 1989, GfK and IRI formed EuroScan GmbH, a company for scanner-assisted marketing and management information. IRI owns 19.9% of EuroScan and has the option to increase its interests up to 49.9%.
- In October 1988 IRI acquired the assets of Industry Systems Development, Inc (ISD) for an undisclosed amount. ISD develops and markets retail automation software products.
- Also in October 1988, the company acquired the stock of Richard E. Shulman, Inc. (RESI) for an undisclosed amount. RESI is a consulting practice in the retail industry.
- On October 12, 1988, IRI assumed effective management and voting control of Medialink Parent, Inc. (Medialink). IRI had purchased 19% of Medialink in 1987 for \$1,860,000. IRI currently owns 99.2% of Medialink. Medialink is developing a business communications system and data base which it is just beginning to market.
- Effective January 1, 1987, IRI acquired ABA Groups, Inc., which markets several computer and data base services. The transaction was effected by a trade of approximately 612,000 common shares of IRI for all issued and outstanding shares of ABA Groups, Inc. Immediately subsequent to the merger, the name ABA Groups, Inc. was changed to ABA/IRI, Inc.
- During 1988 IRI entered into an agreement with GfK GmbH, a German marketing research company, to provide for licensing of rights to IRI's InfoScan technology for use in western European markets.

As of December 31, 1988, IRI had 1,681 full-time and 872 part-time employees.

#### **Key Products and Services**

IRI's products and services are composed of data base processing services and software license fees (termed "software support services" by IRI) and marketing strategies testing and hard copy sales of IRI data base information (termed "information services" by IRI). A three-year source of revenue summary follows:

**INFORMATION RESOURCES, INC.  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ thousands)**

	FISCAL YEAR					
	1988		1987		1986	
ITEM	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
• Information services	\$96,844	75%	\$79,663	76%	\$71,407	76%
• Software support services	\$32,326	25%	25,788	24%	22,227	24%
<b>TOTAL</b>	<b>\$129,170</b>	<b>100%</b>	<b>\$105,451</b>	<b>100%</b>	<b>\$93,634</b>	<b>100%</b>

BehaviorScan<sup>®</sup> is one of IRI's principal systems for gathering marketing data. BehaviorScan tracks the purchasing habits of members of a consumer panel.

- The panel members shop at participating stores just as any other consumer, except they identify themselves with a panel membership card at the checkout counter. Panel members purchases are recorded using UPC product code scanning systems.
- Panel members' TV advertising intake is also regulated and monitored using "targetable TV", a system by which different advertising can be sent to different homes watching the same TV programs.
- Customers have access to the BehaviorScan data base in the form of a hard copy (The Marketing Factbook<sup>™</sup>) through an IRI representative, or using IRI's query software (Prompt<sup>™</sup>) for on-line access.

INFOSCAN<sup>®</sup> tracks sales of all brands on a national level, taking into account variances in price advertising and promotional activities.

- INFOSCAN's nationally representative sample contains 66 major metropolitan markets. Sales information is tracked for over 70,000 households, and 2,400 supermarkets.

DATASERVER is a relational data base management system designed specifically for scanner-based marketing information applications. DATASERVER is a mainframe-based product using pop-up windows, and mouse control technology.

- DATASERVER offers seamless interfaces to many popular PC software products, including LOTUS and Ventura Publisher.
- DATASERVER is a reworked version of EXPRESS, a data base management system acquired by IRI in 1985.

CoverStory™ is an expert system designed to sift through extremely large data bases in order to extract meaningful pieces of information.

IRI recently introduced Express Financial Management System, another reworked version of EXPRESS, a decision support system for financial applications.

APOLLO PLUS is a software package designed to aid consumer packaged goods vendors in shelf layout design.

CORE is a software product designed to control communications to, from and within a store among like and disparate systems.

Retail File Support System (RFSS) is a software product that supports file maintenance for UPC scanning-based systems.

TIME MANAGEMENT™ is a software product designed to aid in the optimization of labor scheduling.

### **Industry Markets**

IRI derived approximately 95% of its 1988 revenue from consumer packaged goods manufacturers. Major clients include Nabisco, Johnson & Johnson, Procter & Gamble, General Foods, Kellogg, G. D. Searle, Kraft, General Mills, Quaker Oats, Ralston Purina, and Coca-Cola.

The remaining 5% of 1988 revenue was derived from grocery stores and grocery store chains.

### **Geographic Markets**

In 1988 IRI derived 86% of its revenue from the U.S. and 14% from international sources. A three-year geographic source of revenue summary follows:

**INFORMATION RESOURCES, INC.  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE  
(\$ thousands)**

ITEM	FISCAL YEAR					
	1988		1987		1986	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
• U.S.	\$110,840	86%	\$97,190	92%	\$89,234	95%
• Foreign	\$18,330	14%	\$8,261	8%	\$4,400	5%
<b>TOTAL</b>	<b>\$129,170</b>	<b>100%</b>	<b>\$105,451</b>	<b>100%</b>	<b>\$93,634</b>	<b>100%</b>

IRI maintains branch offices in Los Angeles and San Francisco (CA), Greenwich (CT), Parsippany (NJ), New York, and Cincinnati.

International offices are located in Chatswood, Australia; Berkshire, England; Paris, France; and Toronto and Ontario, Canada.

**Computer  
Hardware and  
Software**

IRI maintains various IBM mainframe and microcomputers, DEC and Prime minicomputers, and Compaq systems in its U.S. and international offices.

## COMPANY PROFILE

**INFORMATION RESOURCES, INC.**  
150 North Clinton Street  
Chicago, IL 60606  
(312) 726-1221

John Malec, Chairman  
Gian Fulgoni, President and CEO  
Public Corporation, OTC  
Total Employees: 835 Full-Time  
Total Revenue, Fiscal Year End  
12/31/85: \$75,058,000  
Computer Services Revenue:  
\$20,000,000\*

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### THE COMPANY

- Information Resources, Inc. (IRI) was organized in 1977 to apply new technology to the collection and analysis of market data on consumer purchasing. IRI develops and maintains data bases for batch and on-line processing services, and markets decision support software and other application software products primarily to the consumer packaged goods industry. IRI also provides marketing strategy testing services using its software and data bases.
- Revenue for 1985 reached \$75.1 million, a 23% increase over \$61.1 million in 1984. Net income increased from \$5.9 million in 1984 to \$8.7 million in 1985. A five-year financial summary follows:

\*INPUT estimate

INFORMATION RESOURCES, INC.

INFORMATION RESOURCES, INC.  
FIVE-YEAR FINANCIAL SUMMARY (a)  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	1985	1984	1983	1982	1981
Revenue	\$ 75,058	\$ 61,089	\$ 45,693	\$ 36,690	\$ 26,180
• Percent increase from previous year	23%	34%	25%	40%	N/A
Income before taxes	\$ 15,882	\$ 9,991	\$ 5,365	\$ 3,453	\$ 2,246
• Percent increase from previous year	59%	86%	55%	54%	N/A
Net income	\$ 8,725	\$ 5,911	\$ 3,744	\$ 2,711	\$ 1,274
• Percent increase from previous year	48%	58%	38%	113%	N/A
Earnings per share (b)	\$ 0.53	\$ 0.37	\$ 0.24	\$ 0.19	\$ 0.09
• Percent increase from previous year	43%	54%	26%	111%	N/A

(a) Operations are restated prior to May 1985 for the pooling of interests of Information Resources (Massachusetts), Inc. (IRMI) formerly Management Decision Systems, Inc. which was acquired by IRI in May 1985.

(b) Reflects a 3-for-2 stock split effective June 1986.

- Research and development expenditures were 4% (\$3.4 million), 5% (\$3 million), and 5% (\$2.2 million) of 1985, 1984, and 1983 revenue, respectively.
- In 1983 IRI formed IRI Media Services Division to market information based on a system it had developed to monitor and record the television channels being watched by its consumer panelists.
- In May 1985, IRI acquired Management Decision Systems, Inc. (MDS) and subsidiaries for approximately 1,022,000 shares of IRI common stock in exchange for all issued and outstanding shares of MDS. The acquisition has been accounted for as a pooling-of-interests. MDS currently operates as Information Resources (Massachusetts), Inc. (IRMI), a wholly owned subsidiary.
  - IRMI is a software and marketing consulting group specializing in decision support systems and marketing models.
- In December 1985 IRI acquired Keystrokes, Inc. for \$378,000 in cash and the assumption of certain liabilities. The acquisition has been accounted for as a purchase. Keystrokes currently operates as a wholly owned subsidiary.



## INFORMATION RESOURCES, INC.

- Keystrokes is a supplier of newspaper advertising and coupon distribution data.
- As of December 31, 1985, IRI had 835 full-time employees and 128 part-time employees.

### KEY PRODUCTS AND SERVICES

- INPUT estimates that approximately 27% (\$20 million) of 1985 revenue was derived from data base processing services and software license fees. The remaining 73% (\$55 million) was derived from marketing strategies testing and hard copy sales of IRI's data bases. A three-year source of revenue summary follows:

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Data base services and software (a)	42%	42%	46%
Testing services			
BehaviorScan	47	45	39
Other testing services	<u>11</u>	<u>13</u>	<u>15</u>
	100%	100%	100%

(a) Includes hard copy sales.

- The Marketing Fact Book<sup>T.M.</sup> data base service, introduced in 1981, provides hard copy summaries of IRI's data base and access to the data base itself.
  - The Marketing Fact Book contains information gathered from IRI's BehaviorScan service (described later) including data on household-by-household purchases, and all UPC coded product sales by participating stores.
  - A one-year contract provides for quarterly publications, an annual summary, and access to the data base for 15 months.
    - Quarterly publications include market statistics on panel purchases such as brand/manufacturer volume and market share, percent of all households buying each product, brand loyalty, and price and promotion profiles for each brand.
    - Access to the data base can be made through IRI representatives or using PROMPT<sup>T.M.</sup> software that is provided by IRI.
    - PROMPT, introduced in 1983, provides on-line client access to the data base through a terminal and telephone link.

- Clients are charged each time they access the data base.
- In 1984 IRI Media Services Division introduced its first product, TV Buying Guide<sup>TM</sup>, which correlates television programming with consumer purchasing patterns within different product categories.
  - The information is based on a system developed by IRI Media Services that monitors and records the television channels watched by its consumer panels.
  - The data in the TV Buying Guide can help identify which programs attract viewers who have a higher level of purchasing activity for a product category.
  - The guide is sold on a category-by-category basis in quarterly or monthly reports and is generally contracted for a one-year period.
- IRI markets the following decision support software products:
  - EXPRESS, introduced in 1972, is IRI's primary software product and is also available on a timesharing basis.
    - The core of EXPRESS is a relational data base management system that handles current, historical and forecast data, and internal and external sources. EXPRESS also includes management decision support tools for data manipulation and analysis, ad hoc query, management graphics, and modeling and other financial and statistical applications.
    - EXPRESS operates on Prime and IBM and compatible mini-computers running the PRIMOS and VM or CMS operating systems. The software license fee ranges from \$150,000 to \$200,000.
  - A microcomputer-based version of EXPRESS, pcExpress, was introduced in April 1986.
    - pcExpress operates on IBM and compatible microcomputers running the MS-DOS operating system. Written in C language, pcExpress costs \$1,495.
  - PROMOTER<sub>MRC</sub> measures incremental sales and profits from past promotions and enables clients to allocate resources to improve the effectiveness of future promotion investments.
  - Strategic applications using EXPRESS technology include the following:
    - Easycast is a sales forecasting system for customizing forecasts to respond to seasonality, strategic influences, and cyclical effects.

- . Easytrac is designed for marketing analysis and reporting and includes data retrieval, manipulation, reporting, and modeling capabilities.
- . FCRS is a menu driven financial consolidation and reporting system for consolidating and manipulation financial data.
- IRI provides testing services that allow consumer packaged goods manufacturers to test marketing strategies.
  - IRI develops and maintains data bases comprised of supermarket and drug store item sales records collected by UPC scanners, and detailed data on pricing, promotion, and merchandising activities. The data is currently collected in eight small cities called "mini-markets" and in 12 "metro sampling pods" within nine large cities.
  - Testing services available include the following:
    - . IRI's BehaviorScan system allows clients to measure the effect of different marketing variables on product purchase.
      - Marketing variables tested include television advertisements, newspaper ads and coupons, manufacturers' coupons, free samples, in-store displays, shelf price, and packaging changes.
      - IRI has agreements with grocery stores, drug stores, newspapers, selected magazines, television stations, and cable televisions in each mini market to cooperate with IRI in controlling test marketing variables.
      - Panel households are sent one or more test variables while other panel households are used as a control group. Sales response information is gathered using the UPC scanners.
    - . ASSESSOR, originally introduced in 1973 by MDS, is a test market simulation model that allows marketers to evaluate the viability of a new product and estimate its sales potential without a full-scale test market.
      - Shopper panels separate from those for BehaviorScan are exposed to new product concepts in their homes and given samples to use for several weeks. Consumer reaction is gathered through an in-home or telephone interview.
      - Using these consumer reactions, the historical purchasing patterns of the panelists from IRI's data base, and the mathematical models developed by IRI, sales for the new product are estimated for the first two years of the product's life.

### INDUSTRY MARKETS

- IRI derived all of 1985 revenue from retail packaged goods manufacturers. Major clients include Nabisco, Johnson & Johnson, Procter & Gamble, General Foods, Kellogg, G. D. Searle, Kraft, General Mills, Quaker Oats, Ralston Purina, and Coca-Cola.

### GEOGRAPHIC MARKETS

- Approximately 97% of 1985 revenue was derived from the U.S. The remaining 3% was derived from France, the United Kingdom, and Australia.
- IRI maintains branch offices in Los Angeles and San Francisco, Greenwich (CT), Parsippany (NJ), New York, and Cincinnati.
  - IRI's systems development headquarters is in Waltham (MA).
- International offices are located in Chatswood, Australia; Berkshire, England; Paris, France; and Toronto, Ontario, Canada.

### COMPUTER HARDWARE AND SOFTWARE

- IRI maintains various IBM mainframe and microcomputers, DEC and Prime minicomputers, and Compaq systems in its U.S. and international offices.

## COMPANY PROFILE

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### INFORMATION SCIENCE INCORPORATED

95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

Ernest E. Keet, Chairman  
Bruce T. Coleman, President and CEO  
Public Corporation, NASDAQ  
Total Employees: 117 (6/90)  
Total Revenue, Fiscal Year End  
4/30/90: \$13,658,800

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### The Company

Information Science Incorporated (InSci™), founded in 1965, provides human resource management system (HRMS) application software products and human resource professional services.

InSci's current marketing direction is to provide professional services rather than new product sales. Consulting and professional services relating to HRM applications, including analysis, training, and custom modifications to meet specific client needs, are integral parts of the company's offerings.

- System revitalization services include development of interfaces, upgrades that permit integration, and support services for any company using an IBM-based HRMS, whether or not an InSci client.

Revenue for the six months ending October 31, 1990 was \$6.1 million, compared to \$6.9 million for the same period in 1989. Net income reached \$164,400, compared to net losses of \$532,600 for the same period a year ago. The results reflect strategic changes and cost containment actions implemented during fiscal 1990.

InSci's fiscal 1990 revenue reached \$13.7 million, a 5% increase over fiscal 1989 revenue of \$13.1 million. The company reported a net loss of \$960,000, compared to net income of \$107,000 for fiscal 1989. A five-year financial summary follows:

**INFORMATION SCIENCE INCORPORATED  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	4/90	4/89	4/88	4/87	4/86
Net revenue	\$13,659	\$13,051	\$12,324	\$15,046	\$20,112
• Percent increase (decrease) from previous year	5%	6%	(18%)	(25%)	(30%)
Income (loss) before taxes from	\$(954)	\$122	\$(2,371)	\$(5,302)	\$(6,327)
• Percent change from previous year	(882%)	105%	55%	16%	49%
Net income (loss)	\$(960)	\$107	\$(3,898)	\$(6,527)	\$(6,359)
• Percent change from previous year	(997%)	103%	40%	(3%)	46%
Earnings (loss) per share	\$(0.05)	\$0.01	\$(0.49)	\$(1.38)	\$(1.35)
• Percent change from previous year	(600%)	102%	64%	(2%)	43%

InSci management attributes fiscal 1990 results to the following:

- Software license fees decreased by 10% due to a restructuring of the sales and marketing efforts. Processing services fees decreased by nearly 35% due to the decreasing timesharing market. Professional services fees increased nearly 83% due almost entirely to the acquisition of Implementation Support Associates, Inc. (ISA) in May 1989.
- Operating expenses increased by over 13% due primarily to additional costs associated with ISA, as well as higher software amortization costs.

Major software competitors include D&B Software Services, Cyborg, Tesseract Corp., Integral Systems, Inc., and PeopleSoft.

**Key Products and Services**

A three-year summary of source of revenue follows:

**INFORMATION SCIENCE INCORPORATED  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ millions)**

	FISCAL YEAR					
	4/90		4/89		4/88	
ITEM	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Software licenses	\$2.5	18%	\$2.7	21%	\$2.1	17%
Maintenance	5.9	43%	5.7	44%	5.0	41%
Processing services	1.4	10%	2.2	17%	3.4	27%
Professional services	3.4	25%	1.9	14%	1.4	12%
Other	0.5	3%	0.6	4%	0.3	3%
<b>TOTAL</b>	<b>\$13.7</b>	<b>100%</b>	<b>\$13.1</b>	<b>100%</b>	<b>\$12.3</b>	<b>100%</b>

InSci's HRMS software products support the following applications:

- Personnel, including recordkeeping, administering salaries, benefits and pensions, monitoring attendance, government reporting, tracking applicants, employee histories, and analyzing workforce composition and costs
- Payroll, including tracking and computing of taxes, deductions, specialized earnings and overtime to generate checks and direct deposit notices
- Pension administration
- Flexible benefits administration
- Defined contributions
- EEO and benefits reporting
- Decision support tools, including report writers and information inquiry software

InSci currently offers the following software product lines:

- SAA<sup>vi</sup>, introduced in October 1988, combines integrated HRMS

applications with SQL/DB2 relational retrieval and natural language decision support tools.

- SAA<sup>vi</sup> is designed to serve as the platform for system integration projects in very large or complex environments.
- The software runs on IBM mainframes under SAA, DB2, VSAM, CICS, IMS, MVS, and DOS.
- SAA<sup>vi</sup> has been licensed by 40 major corporations.
- SAA<sup>vi</sup>/PLUS is a family of professional service offerings for companies using SAA<sup>vi</sup> or that are planning to migrate to the new product. Services include planning, needs analysis, project management, migration support services, custom design and modifications, extended maintenance (custom environment support and maintenance), implementation and remote support, remote bulletin access, and training.
- Classic is InSci's line of high-function, lower-cost, modular products built for turnkey or slightly customized installations.
  - Classic is targeted to medium and small organizations or large organizations with modular requirements.
  - Classic runs on IBM and compatible mainframes under MVS, DOS, CICS, and VSAM.
  - Modules range in price from \$30,000 to \$90,000. There are currently over 400 Classic clients.
- InSci's Database product line is an integrated Payroll/Personnel HRMS that provides full functionality for ADABAS or IMS users.
  - The products are available for IBM and compatible mainframes running IMS/DB, CICS, IMS/DC, ADABAS.
  - The software ranges in price from \$90,000 to \$255,000. There are currently over 100 installations.
- InSciVision, introduced in February 1990, is a graphical user interface that allows access to mainframe information via a personal computer. The product, which is SAA-compliant, is available for use with all of InSci's mainframe products.
- Through Essential Solutions Incorporated, a wholly owned subsidiary based in Atlanta (GA), InSci offers modular,



integrated software products for Wang VS and UNIX-based minicomputers.

- Basic modules include Personnel and Payroll. A FlexComp module is also available for flexible benefits administration. The system also includes modules to support recently enacted health care continuation (COBRA) and benefits discrimination legislation.
- The products range in price from \$30,000 to \$115,000. There are currently over 75 installations.
- InSciPersonality, introduced in late fiscal 1986, is a family of HRMS software for the IBM PC XT/AT, PS2, and compatible microcomputers.
  - Applications supported include applicant tracking, employment, EEO administration, compensation, performance, job evaluation, benefits administration, education, training, skills, and labor relations.
  - There are currently over 100 systems installed.

InSci90 is the company's processing service that supports personnel applications. There are currently approximately 50 InSci90 clients.

### **Industry Markets**

InSci currently has over 1,000 clients, including banks and other financial institutions, manufacturers, hospitals, insurance companies, and utilities, as well as energy, transportation, entertainment, and services organizations.

InSci markets its IBM mainframe-based products and services directly to IBM's 2,000 largest customers.

### **Geographic Markets**

One hundred percent of InSci's revenue is derived from the U.S.

- Branch offices are located in Atlanta (GA) and Chicago (IL).



# FINANCIAL UPDATE TO PROFILE DATED JANUARY 1987

**INFORMATION SCIENCE  
INCORPORATED**  
95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

John A. Rade, President and CEO  
Public Corporation, OTC  
Total Employees: 206 (6/30/87)  
Total Revenue, Fiscal Year End  
4/30/87: \$15,303,600

## INFORMATION SCIENCE INCORPORATED FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM \ FISCAL YEAR	4/87	4/86	4/85	4/84	4/83
Revenue (a)	\$ 15,304	\$ 21,103	\$ 31,198	\$ 28,864	\$ 20,495
• Percent increase from previous year	(27%)	(32%)	8%	41%	42%
Income (loss) before taxes	\$ (6,394)	\$ (6,327)	\$ (12,366)	\$ 2,444	\$ 2,733
• Percent increase (decrease) from previous year	(1%)	(49%)	(606%)	(11%)	360%
Net income (loss)	\$ (6,528)	\$ (6,359)	\$ (11,829)	\$ 1,488	\$ 2,373
• Percent increase (decrease) from previous year	(3%)	(46%)	(895%)	(37%)	360%
Earnings (loss) per share	\$ (1.38)	\$ (1.35)	\$ (2.36)	\$ 0.35	\$ 0.74
• Percent increase (decrease) from previous year	(2%)	(43%)	(774%)	(53%)	311%

- (a) Revenue, net of hardware costs, was \$15.2 million, \$20.1 million, \$28.8 million, \$28.1 million, and \$20.4 million for fiscal 1987, 1986, 1985, 1984, and 1983, respectively.
- Revenue from continuing operations (excluding the results of NFSI and Dyer Wells) was \$15.3 million in fiscal 1987, compared to \$18.5 million in fiscal 1986. Losses from continuing operations were approximately \$6.3 million in fiscal 1987, compared to losses of \$4.2 million in fiscal 1986.

## INFORMATION SCIENCE INCORPORATED

- Declines in revenue were attributed to decreases in mainframe software licenses and interactive personnel processing services. These declines were offset by gains in mainframe maintenance revenue, microcomputer software licenses, and payroll processing revenue.
- In November 1987, InSci announced that Vanguard Atlantic Ltd., a merchant/investment banking firm, and Edison Venture Fund purchased 6.8 million shares of InSci common stock at \$0.50 per share. The value of this transaction is \$3.4 million which will be used by InSci for general corporate purposes. With this private placement InSci has approximately 11.7 million shares issued and outstanding of which Vanguard (with Edison) now holds approximately 58%.

### SOURCE OF REVENUE

- Approximately 57% of InSci's total fiscal 1987 revenue was derived from software licenses and associated maintenance contracts, 28% from processing services, and 6% from professional services. The remaining 13% was derived from the sale of hardware and other services. A three-year summary of source of revenue follows (\$ millions):

	4/87	4/86	4/85
Software license fees	\$ 4.3	\$ 7.4	\$ 10.9
Maintenance	4.4	3.8	3.5
Processing services	5.1	5.9	7.5
Professional services	0.9	1.4	5.4
Hardware revenue	0.1	1.3	3.3
Other (a)	<u>0.5</u>	<u>1.3</u>	<u>0.6</u>
Total revenue	\$ 15.3	\$ 21.1	\$ 31.2
(Cost) of hardware	<u>( 0.1)</u>	<u>( 1.0)</u>	<u>( 2.3)</u>
Net revenue	\$ 15.2	\$ 20.1	\$ 28.9

- (a) Other revenue primarily includes royalties and fees for data conversion services.
- Processing services revenue of \$5.1 million for fiscal 1987 includes \$163,000 from payroll processing services.

## COMPANY PROFILE

### INFORMATION SCIENCE INCORPORATED

95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

John A. Rade, President and CEO  
Public Corporation, OTC  
Total Employees: 243 (7/31/86)  
Total Revenue, Fiscal Year End  
4/30/86: \$21,102,800

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### THE COMPANY

- Information Science Incorporated (InSci) was founded in 1965 as a human resources consulting and programming firm. Since the late 1970s the company has changed its focus to developing, marketing, and supporting application software products and processing services for human resource management in the areas of personnel, payroll, pension, flexible compensation, health claims, and defined contributions. Related professional services and turnkey systems are also offered.
- During the second half of fiscal 1985, InSci management implemented certain programs in response to the company's downturn in business. These programs included cost cutting measures to bring expenses in line with anticipated revenue, discontinuance of its participation in certain unprofitable activities and customer relationships, and reorganization of its business along divisional reporting lines. Divested businesses include the following:
  - In March 1985 InSci sold National FSI, Inc. (FSI) to NFSI, Inc., a Texas corporation owned by the original FSI shareholders.
    - FSI, a Dallas-based supplier of software for pension and other employee benefit plan recordkeeping, was originally acquired by InSci in June 1984 for \$4.5 million in cash, 400,000 shares of InSci common stock, plus contingent payments based on future performance.
    - FSI was sold to NFSI for \$7.1 million in cash, return of the InSci common stock, and elimination of the contingent obligations.
    - For the period from June 8, 1984 to March 12, 1985, FSI contributed revenue of \$8.2 million and net income of \$2.3 million to InSci's fiscal 1985 results.
    - InSci recognized no gain or loss on the sale.
    - InSci and NFSI, Inc. agreed to maintain mutual product offering rights for a five-year period. Through this agreement InSci markets the following products:

- The Employee Benefit Administration System (EBAS) is a participant recordkeeping system for processing defined contribution employee benefit plans.
- The Pension and Lump Sum System (PLVS) is a system for processing the payment of recurring pension disbursements, or lump sum disbursements, to participants of defined contribution plans, and for preparing the associated tax forms and reports.
- In October 1985 InSci sold Dyer, Wells & Associates, Inc. to CIGNA Holdings, Inc. for approximately \$6.8 million in cash and certain other considerations.
  - Dyer Wells, acquired by InSci in November 1983, is an Atlanta-based supplier of health claims software products for the insurance industry.
  - Dyer Wells had fiscal 1985 revenue of about \$4.9 million and net losses of \$4.8 million.
  - InSci recorded a loss on the sale of \$2 million during fiscal 1986.
- Total 1986 revenue was \$21.1 million, a 31% decrease from fiscal 1985 revenue of \$31.2 million. Net losses were \$6.4 million compared to losses of \$11.8 million in fiscal 1985. A five-year financial summary follows:

INFORMATION SCIENCE INCORPORATED  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

FISCAL YEAR ITEM	4/86	4/85	4/84	4/83	4/82
Revenue (a)	\$ 21,103	\$ 31,198	\$ 28,864	\$ 20,495	\$ 14,481
• Percent increase from previous year	(32%)	8%	41%	42%	10%
Income (loss) before taxes	\$ (6,327)	\$ (12,366)	\$ 2,444	\$ 2,733	\$ 594
• Percent increase (decrease) from previous year	(49%)	(606%)	(11%)	360%	61%
Net income (loss)	\$ (6,359)	\$ (11,829)	\$ 1,488	\$ 2,373	\$ 516
• Percent increase (decrease) from previous year	(46%)	(895%)	(37%)	360%	0%
Earnings (loss) per share	\$ (1.35)	\$ (2.36)	\$ 0.35	\$ 0.74	\$ 0.18
• Percent increase (decrease) from previous year	(43%)	(774%)	(53%)	311%	(57%)

(a) Revenue, net of hardware costs, was \$20.1 million, \$28.8 million, \$28.1 million, \$20.4 million, and \$14.4 million for fiscal 1986, 1985, 1984, 1983, and 1982, respectively.

- Revenue from continuing operations (excluding the results of NFSI and Dyer Wells) was \$18.5 million in fiscal 1986 compared to \$15.8 million in fiscal 1985. Net losses from continuing operations were approximately \$4.2 million in fiscal 1986 compared to losses of \$9.8 million in fiscal 1985.
- During the first half of fiscal 1985 the company attempted to sell all its products through a single consolidated sales force, an approach that was found to be costly and ineffective. Accordingly, in January 1985, the company reverted to product-specific sales forces.
- Research and development expenditures were approximately \$3 million (14% of revenue) in fiscal 1986, \$8.2 million (26% of revenue) in fiscal 1985, and \$7 million (24% of revenue) in fiscal 1984.
- During fiscal 1986 InSci implemented a capitalized method of accounting for software development costs (SFAS 86). Prior to adopting this policy, such costs were charged to expenses.

- As a result of this new policy, InSci capitalized certain software development costs totaling \$1.6 million during fiscal 1986, decreasing net losses by \$1.5 million.
- Total revenue from continued operations for the six months ending October 31, 1986 was \$7.7 million, a 16% decrease from \$9.2 million for the same period in 1985. Net losses were \$5.3 million compared to losses of \$1.8 million for the same period a year ago.
  - Revenue declines were attributed to lower software, professional services, and network services revenues.
  - Operating expenses for the three months ending October 31, 1986 include a provision of \$1.1 million in connection with the company's decision to close certain regional facilities, reduce sales and sales support staff, reduce marketing expenses, and other cost cutting measures to bring expenses in line with current revenue.
  - An additional tax assessment of \$130,000 plus interest of \$80,000 was also recorded in the second quarter when the Internal Revenue Service completed its audits of the company's Federal Income Tax returns for the years 1976 through 1980.
- Major competitors to InSci include Management Science America for software products and Automatic Data Processing for payroll processing services.

#### KEY PRODUCTS AND SERVICES

- Approximately 53% of InSci's fiscal 1986 total revenue was derived from software licenses and associated maintenance contracts, 28% from processing services, and 6% from professional services. The remaining 13% was derived from the sale of hardware and other services. A three-year summary of source of revenue follows (\$ millions):

ITEM \ FISCAL YEAR	4/86	4/85	4/84
Software license fees	\$ 7.4	\$ 10.9	\$ 16.0
Maintenance	3.8	3.5	2.7
Processing services	5.9	7.5	4.3
Professional services	1.4	5.4	3.2
Hardware revenue	1.3	3.3	0.9
Other (a)	<u>1.3</u>	<u>0.6</u>	<u>1.8</u>
Total revenue	\$ 21.1	\$ 31.2	\$ 28.9
(Cost) of hardware	<u>(1.0)</u>	<u>(2.3)</u>	<u>(0.8)</u>
Net revenue	\$ 20.1	\$ 28.9	\$ 28.1

- (a) Other revenue primarily includes royalties and fees for data conversion services.



- InSci markets a series of Human Resource Information Management Systems software products designed for IBM and compatible mainframes.
  - There are currently over 1,000 product installations. Prices range from \$50,000 to \$250,000 depending on the modules selected.
  - Products include the following:
    - Personnel software applications simplify basic personnel functions such as recordkeeping, administering salaries, benefits and pensions, monitoring attendance, complying with government reports, tracking applicants, maintaining employee histories, analyzing work force composition and costs, and preparing associated reports. Data can be accessed and work force analysis can be made by age, income, education level, operating unit, geographic location, and other categories.
    - Payroll software applications track and accumulate all factors related to payroll, including taxes, deductions, specialized earnings, and overtime to generate checks and direct deposit notices. Monthly, quarterly, and year-end reports are produced, including W-2s and workers' compensation reports. All employee and employer taxes are computed, including paychecks for employees who are subject to multiple tax jurisdictions.
    - Integrated Payroll/Personnel Systems are available for use with the following data base environments.
      - The IMS/DL-I Payroll/Personnel System is designed for use with IBM's IMS/DL-I data base environment. The package operates under DOS/OS.
      - The ADABAS Payroll/Personnel System was developed in cooperation with Software AG and uses Software AG's proprietary language, NATURAL. The package operates under DOS/OS.
      - The VSAM Payroll/Personnel System is an interactive system which operates under DOS/VS and uses IBM's VSAM software.
    - The Pension Administration System enables the company's customers to administer in-house pension planning, from pension plan design through administration of existing plans. The company's Pension Administration System reduces its customers' actuarial service bills by generating pension liability information and employee quotations on-line and by preparing data for governmental compliance and actuarial reporting.

- The Flexible Benefits System (FlexComp) enables companies to administer in-house flexible benefit plans. The system automates selection of benefit choices by employees at enrollment, provides reports to employees on plan status, reimburses employees for plan claims, computes close-out of accounts and handles year-end processing.
- Report Writers and Inquiry Tools. The company markets its products with decision support tools which include report writers and information inquiry software which allow managers to create reports and make inquiries through user friendly directives to InSci software.
- Defined Contributions. Through marketing arrangements with NFSI, Inc., the company also offers the Employee Benefit Administration System, a participant recordkeeping system which accommodates many types of defined contribution employee benefit plans, including money purchase pension, thrift, profit sharing, ESOP, PAYSOP, TRASOP, Keogh, IRA, and 401(K) plans.
- Health Claims Processing. Through marketing agreements with Dyer, Wells & Associates, Inc., the company offers an advanced automated health claims processing system designed to automatically adjudicate and process claims for medical, dental, and disability payments.
- As a result of InSci's 1984 acquisition of Wang's Human Resource Management System, the company also offers personnel, payroll, pension, health claims, and defined contributions applications software products for Wang VS minicomputers. A Wang version of the company's flexible benefits application is also available.
  - The products range in price from \$30,000 to \$115,000.
  - There are currently over 75 Wang-based products installed.
- In March 1986 InSci introduced InSciPersonality<sup>TM</sup>, a comprehensive Human Resource Management System software product for the IBM PC/XT and compatible microcomputers.
  - InSciPersonality addresses areas such as Recordkeeping, Compensation, Benefits Administration, COBRA, Applicant Tracking, EEO and AAP, Career Development, Skills Inventory, Manpower Planning, Training, and Labor Relations.
  - The data base maintains current and unlimited historical employee information. Other features include an ad hoc English-language-based report writer, over 50 standard human resource reports, file conversion capabilities that allow integration of employee data with other automated systems and services, and local area networking.

## INFORMATION SCIENCE INCORPORATED

- Installation and training services are available on-site. Full employee data base creation services are also available.
- The software is priced at \$9,600. There are currently 42 systems installed.
- Processing services provided by InSci include the following:
  - InSci90 is an interactive Human Resource Management System that addresses all areas of Personnel Administration including Record-keeping, Compensation, Benefits Administration, COBRA, Applicant Tracking, EEO and AAP, Career Development, Skills Inventory, Manpower Planning, Training, and Labor Relations.
    - The service permits downloading to IBM PCs and compatibles. On-site installation and training and employee data base creation services are also available.
    - There are currently over 150 InSci90 clients.
    - InSci90 can integrate with Control Data Business Centers' Payroll 4 service (InControl) via InSci's data center for payroll services.
  - InSciPayrollResources<sup>SM</sup> is an integrated payroll, personnel, and benefits service that works off a single data base.
    - The service features Checks with Custom Described Earnings Statements, Confidential Employee Payroll Profiles, Customized Payroll Worksheets, Customized Payroll Registers, Direct Deposit, Tax Filing, Confidential Employee Personnel Profiles, continuous History of Compensation, performance and organizational movements, and Confidential Employee Benefits Profiles.
    - There are currently over 150 InSciPayrollResources clients.
- InSci has significantly reduced its consulting professional services activity. InSci continues to provide programming and support services to assist in the sale and installation of software. The company also provides product-oriented conferences for current and prospective software clients.
- InSci is a VAR for IBM mainframes and Wang VS computers. Hardware sales are made in conjunction with the company's software products.

## INDUSTRY MARKETS

- InSci currently has over 1,000 clients including banks and other financial institutions, manufacturers, hospitals, insurance companies, utilities, as well as energy, transportation, entertainment, and services organizations.

- Nearly half of the Fortune 100 and 45 of the largest 125 U.S. banks use InSci software.

#### GEOGRAPHIC MARKETS

- One hundred percent of InSci's fiscal 1986 revenue was derived from the U.S.
- Regional offices are located in Atlanta, Oakbrook Terrace (IL), New York City, and Dallas.
  - Processing services are currently marketed primarily in the north-eastern and southern U.S.

#### COMPUTER HARDWARE AND SOFTWARE

- InSci maintains the following computers at its Montvale headquarters:
  - For software development activities:
    - 2 IBM 4341s, VM, DOS/VSE, MVS-SP.
    - 1 Wang VS/85.
    - 1 Wang VS/65.
    - 1 Wang VS/45.
  - For processing services support:
    - 13 Microdata REALITYs.

# FINANCIAL UPDATE TO PROFILE DATED OCTOBER 1983\*

## INFORMATION SCIENCE INCORPORATED

95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

Leo Kornfeld, Chairman  
Joseph Dyer, Vice Chairman  
John A. Rade, President  
Public Corporation, OTC  
Total Employees: 323  
Total Revenue, Fiscal Year End  
4/30/85: \$31,198,000  
Computer Services Revenue:  
\$27,909,000

## INFORMATION SCIENCE INCORPORATED FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM \ FISCAL YEAR	4/85 (a)	4/84 (b)	4/83	4/82	4/81
Total revenue (c)	\$ 31,198	\$ 28,864	\$ 20,439	\$ 14,403	\$ 13,117
• Percent increase from previous year	8%	41%	42%	10%	2%
Income (loss) before taxes	\$ (12,366)	\$ 2,444	\$ 2,733	\$ 594	\$ 368
• Percent increase (decrease) from previous year	(606%)	(11%)	360%	61%	115%
Net income (loss)	\$ (11,289)	\$ 1,488	\$ 2,373	\$ 516	\$ 514
• Percent increase (decrease) from previous year	(859%)	(37%)	360%	0%	122%
Earnings (loss) per share	\$ (2.36)	\$ 0.35	\$ 0.74	\$ 0.18	\$ 0.42
• Percent increase (decrease) from previous year	(774%)	(53%)	311%	(57%)	118%

- (a) Results for fiscal 1985 include National FSI financials for approximately nine months.  
(b) Results for fiscal 1984 include six months results of Dyer, Wells, and Associates.  
(c) 1984 and 1985 total revenue figures include hardware sales before deducting cost of hardware sold (see: Source of Revenue).

\*Replaces Financial Update of August 1984

- InSci management attributes its lower revenue growth in 1985 to declines in software sales due to the disruptive effects of sales force reorganizations, the sluggish demand for certain new products, and the negative impact of concentrating on selling software products rather than professional services in the health insurance area.
- Losses in income and earnings per share reflect increased costs due to facility and staff upgrades undertaken in anticipation of growth that did not occur, increased general and administrative costs associated with coordinating the newly acquired companies, a write-off of certain software for internal use, and greatly increased costs associated with customer service activities. Operating expenses for fiscal 1985 included a provision of \$2.3 million in connection with the decision to discontinue certain unprofitable activities.
- The company's acquisition activity contributing to current product offerings is as follows:
  - In November 1983 InSci acquired Dyer, Wells & Associates, Inc. of Atlanta for \$4.1 million in cash and 370,370 shares of common stock, plus contingent payments based upon performance over the following two years. The acquisition was accounted for as a purchase.
    - Dyer, Wells specializes in software and professional services for group health claims processing and operates as a division of InSci. Products offered include the following:
      - FASTRAK health claims processing system is an application software system for processing medical, dental, and disability payments.
      - STEPSAVER is a programmer productivity enhancement system used to design, test, and maintain on-line application programs.
  - In April 1984 InSci acquired certain IDMS-based payroll and personnel products from InSci Research Associates, a limited partnership, for a cash payment of \$3.4 million.
    - During the fourth quarter of 1984, InSci transferred the rights to its IDMS-based payroll/personnel system to Cullinet Software, Inc. and ceased selling IDMS products. In exchange, Cullinet agreed to pay \$4 million plus royalties on sales of these products over seven years and 75% of the accounts receivable relating to the transfer of InSci's licenses, payable over the initial two-year period.
    - For an additional \$1 million InSci also transferred to Cullinet information relating to a pension system being developed by InSci.

## INFORMATION SCIENCE INCORPORATED

- In June 1984 InSci acquired National FSI, Inc. (FSI), a supplier of software and turnkey systems to bank trust departments, for \$4,490,000 and 400,000 shares of common stock plus contingency payments based upon performance over the following two years.
  - In March 1985 InSci sold FSI to NFSI, Inc., a Texas corporation owned by the original shareholders of FSI, for \$7.1 million, the return of the 400,000 shares of InSci common stock, and the elimination of the contingency payments.
  - InSci and NFSI, Inc. agreed to maintain mutual product offering rights for a five-year period. Through this agreement InSci markets the following products:
    - The Employee Benefit Administration System (EBAS) is a participant recordkeeping system for processing defined contribution employee benefit plans.
    - The Pension and Lump Sum System (PLVS) is a system for processing the payment of recurring pension disbursements, or lump sum disbursements, to participants of defined contribution plans, and for preparing the associated tax forms and reports.
- In June 1984 InSci also acquired FlexComp, a flexible benefit system, from E-Systems, Inc. for \$50,000 and royalties not to exceed \$250,000 and other consideration; and the Wang VS Human Resource Management System from Wang Laboratories, Inc. for cash and notes totaling \$2.1 million plus royalties over the initial three-year period.

### SOURCE OR REVENUE

- Approximately 50% of InSci's fiscal 1985 total revenue was derived from software licenses and associated maintenance contracts, 26% from processing services, and 19% from professional services. The remaining 5% was derived from the sale of hardware and other systems. A three-year summary of source of revenue follows (\$ thousands):

INFORMATION SCIENCE INCORPORATED

	<u>4/85</u>	<u>4/84</u>	<u>4/83</u>
Computer services revenue			
Software license fees	\$ 10,923	\$ 15,997	\$ 10,383
Maintenance	3,473	2,740	2,643
Other services	<u>13,513</u>	<u>9,201</u>	<u>7,413</u>
Subtotal	\$ 27,909	\$ 27,938	\$ 20,439
Hardware revenue	<u>3,289</u>	<u>926</u>	<u>-</u>
Total revenue	\$ 31,198	\$ 28,864	\$ 20,439
(Cost) of hardware	<u>(2,349)</u>	<u>(741)</u>	<u>-</u>
Net revenue	\$ 28,849	\$ 28,123	\$ 20,439

- InSci derives its revenue from the sale of application software, processing services, and professional services for human resource management and for the health insurance industry. Less than 10% of revenue is derived from outside the U.S.



# FINANCIAL UPDATE TO HIGHLIGHT DATED OCTOBER 1983

**INFORMATION SCIENCE  
INCORPORATED**  
95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

Leo Kornfeld, Chairman  
Joseph Dyer, President and CEO  
Public Corporation, OTC  
Total Employees: 500  
Total Revenue, Fiscal Year End  
4/30/84: \$28,864,000

## INFORMATION SCIENCE INCORPORATED FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM	FISCAL YEAR				
	4/84	4/83	4/82	4/81	4/80
Revenue	\$ 28,864	\$ 20,495	\$ 14,481	\$ 13,117	\$ 12,856
• Percent increase from previous year	41%	42%	10%	2%	9%
Income (loss) before taxes	\$ 2,444	\$ 2,733	\$ 594	\$ 368	\$ (2,518)
• Percent increase (decrease) from previous year	(11%)	360%	61%	115%	(491%)
Net income (loss)	\$ 1,488	\$ 2,373	\$ 516	\$ 514	\$ (2,377)
• Percent increase (decrease) from previous year	(37%)	360%	0%	122%	(1,307%)
Earnings (loss) per share	\$ 0.35	\$ 0.74	\$ 0.18	\$ 0.42	\$ (2.28)
• Percent increase (decrease) from previous year	(53%)	311%	(57%)	118%	(1,325%)

- InSci management attributes its lower net income and earnings per share for fiscal 1984 to less-than-expected software sales in the fourth quarter and to higher than anticipated expenses for product development and customer service for new offerings.
- In November 1983 InSci acquired Dyer Wells & Associates, Inc. of Atlanta. Dyer Wells specializes in computer software for group health claims processing and now operates as a division of InSci.

## INFORMATION SCIENCE INCORPORATED

- In June 1984 InSci acquired National FSI, Inc., a supplier of software and turnkey systems to bank trust departments. The Dallas-based company operates as a division of InSci.
- During the fourth quarter of 1984, InSci transferred the rights to its IDMS-based payroll/personnel system to Cullinet Software, Inc. and ceased selling IDMS products.

### SOURCE OF REVENUE

- Sixty-five percent of InSci's fiscal 1984 revenue was derived from software products, 11% from professional services, 15% from processing services, and 9% from the sale of other systems.

## COMPANY HIGHLIGHT

**INFORMATION SCIENCE  
INCORPORATED**  
95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

Leo Kornfeld, Chairman and President  
Public Corporation, OTC  
Total Employees: 227  
Total Revenue, Fiscal Year End  
4/30/83: \$20,495,200

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### THE COMPANY

- Information Science Incorporated (InSci), founded in 1965 as a human resources consulting and programming firm, now primarily markets applications software for personnel, payroll, and pension administration. Related processing, professional services, and turnkey systems are also offered.
  - In February 1980, Welsh, Carson, Anderson & Stowe (WCAS), a private New York venture capital limited partnership, acquired approximately 40% of InSci. Additional investments resulted in WCAS' 54% ownership of the company. Subsequent to the August 1983 stock offering, WCAS will have 33% ownership of InSci.
- InSci made its initial public offering of nearly 1.5 million shares of stock in August 1983. Of the shares, 932,000 were offered by the company and 550,000 by selling shareholders. Proceeds to the company of approximately \$14 million will be used for repayment of borrowings under its revolving credit agreement (approximately \$600,000 outstanding) and for general corporate and possible acquisition purposes.
- Revenue for fiscal 1983 increased 42% to \$20.5 million from \$14.5 million in 1982. Net income grew 360% to \$2.4 million from \$516,000 in 1982. A five-year financial summary follows:

INFORMATION SCIENCE INCORPORATED  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	4/83	4/82	4/81	4/80	4/79
Revenue	\$ 20,495	\$ 14,481	\$ 13,117	\$ 12,856	\$ 11,761
• Percent increase from previous year	42%	10%	2%	9%	N/A
Income (loss) before taxes	\$ 2,733	\$ 594	\$ 368	\$ (2,518)	\$ 644
• Percent increase (decrease) from previous year	360%	61%	115%	(491%)	N/A
Net income (loss)	\$ 2,373	\$ 516	\$ 514	\$ (2,377)	\$ (169)
• Percent increase (decrease) from previous year	360%	0%	122%	(1,307%)	N/A
Earnings (loss) per share	\$ 0.74	\$ 0.18	\$ 0.42	\$ (2.28)	\$ (0.16)
• Percent increase (decrease) from previous year	311%	(57%)	118%	(1,325%)	N/A

- InSci management attributes results of operations over the past years to changes in ownership and management in late fiscal 1980. Since that time the company has reduced its consulting and programming services and placed increased emphasis on development and marketing of applications software packages.
  - The company attributes fiscal 1983 revenue growth primarily to enhancements to its payroll/personnel applications software package integrated with IBM's IMS data base management system (DBMS) and to the introduction of similar applications software integrated with Cullinet's IDMS and Software AG's ADABAS DBMS packages.
- Research and development expenditures were \$4.1 million (20% of revenue) in fiscal 1983 as compared to \$2.5 million (17% of revenue) in fiscal 1982. Increased research expenditures reflect the additional cost of research and development performed under contract for InSci Research Associates.
  - In November 1982 InSci entered into a one-year, \$3 million development contract with InSci Research Associates, a New York limited partnership. Under the contract, InSci is developing payroll and personnel software integrated with Cullinet's IDMS DBMS.

- In April 1983 InSci exercised an option to license the IDMS personnel software for a 1% royalty and has a similar option to license IDMS payroll software on completion of its development.
- InSci also has an option to purchase the partnership's software for approximately \$3.8 million at the expiration of its license in January 1985.
- Revenue for the first quarter of fiscal 1984 ended July 31, 1983, was \$3.8 million, a 13% increase over \$3.4 million for the first quarter of fiscal 1983. The company registered a net loss of \$237,500 for the quarter, a 140% decrease from a net loss of \$99,300 in the first quarter of fiscal 1983.
- InSci operates through two divisions:
  - The Software Division markets InSci's applications software packages, provides programming support, and conducts the company's annual client conference.
  - The Services Division provides processing services and markets turnkey systems.
- On October 17, 1983, InSci announced that it had agreed in principle to acquire The Systems Group, Inc., which owns all of the common stock of Dyer, Wells & Associates Inc. of Atlanta. Dyer, Wells specializes in software packages for group health claims processing and will operate as a division of InSci. InSci is contemplating issuing shares of its common stock for the outstanding shares of The Systems Group. The acquisition has not been finalized at this time.
- As of May 31, 1983, InSci had 227 employees. There are currently 258 employees segmented as follows:

Marketing/sales	54
Software services/customer support	130
Computer operations	21
General and administrative	<u>53</u>
	258
- Major competitors to InSci include Management Science America for software products and Automatic Data Processing for processing services.

## KEY PRODUCTS AND SERVICES

- InSci's fiscal 1983 revenue was derived as follows:

	Revenue (\$ millions)	Percent of Total
Software products	\$13.0	63%
• License fees (51%)		
• Maintenance (13%)		
Professional services	4.1	20
Processing services	2.9	14
Turnkey systems	<u>0.5</u>	<u>3</u>
	\$20.5	100%

- InSci's software packages run on IBM 370, 30XX, 43XX, and compatible mainframes under OS, DOS, or VS. There are over 1,000 product installations of which approximately 200 are integrated payroll/personnel DBMS packages. The products range in price from \$45,000 to \$247,000 depending on the modules selected.
- The Human Resource System (HRS) offers on-line modules for personnel, payroll, pension administration, health/safety monitoring, and related decision support. The package is generally marketed to companies with over 100 employees.
  - InSci's Personnel System can be integrated with its Payroll System or other vendors' payroll systems. The Payroll and Personnel Systems can operate standalone and are available in both batch and on-line modes.
  - The following modules are also available as options with the company's Personnel/Payroll Systems:
    - Continuous Employment History.
    - Expanded EEO Compliance/Affirmative Action Planner System.
    - Pension Administration System.
    - Career Profile.
    - General Retrieval System (GRS).
    - GRS EXEC - Executive Query System.
    - GRS/On-Line - On-Line Retrieval System.
  - Standalone modules for health/safety and pension administration are also offered and can be integrated with InSci's or other vendors' payroll/personnel systems.
- InSci offers payroll/personnel data base applications software for several DBMS environments.

- The packages include the following:
  - The IMS and DL-I Payroll/Personnel Database Systems are designed for use with IBM's IMS and DL-I DBMS packages. The IMS version operates under OS and the DL-I version, introduced in June 1983, runs under DOS.
  - The ADABAS Payroll/Personnel Database System was developed in cooperation with Software AG and uses Software AG's proprietary language, NATURAL. Installation of InSci's ADABAS DBMS software commenced in mid-1983. The package currently operates under OS only.
  - The IDMS Payroll/Personnel Database System, based on Cullinet's IDMS DBMS, uses Cullinet's ADS/OnLine proprietary programming language. InSci first installed the payroll portion of the system in early 1983. Delivery of IDMS payroll software is scheduled for early 1984. InSci's IDMS software runs under OS and DOS.
    - Under an agreement with Cullinet, InSci is licensed through April 1993 to market and sublicense IDMS when incorporated into InSci's personnel and payroll software.
    - InSci has also agreed with Cullinet to link its IDMS Payroll/Personnel software with Cullinet's general ledger software.
- InSci's data base payroll/personnel systems offer on-line data entry, editing, and inquiry, in addition to batch processing.
  - Payroll features include U.S. and Canadian payroll, unemployment and pension processing, multiple earning and deduction calculations, complete tax service, attendance, multiple appointments processing, labor distribution, and a general ledger interface.
  - Personnel features include extensive recordkeeping, benefits administration, career/skills profile, employment history, salary administration, government reporting, and applicant tracking.
- The following modules may also be integrated with the data base payroll/personnel systems:
  - Benefits Statement System.
  - Pension Administration System.
  - Expanded EEO Compliance/Affirmative Action Planner System.
  - GRS EXEC - Executive Query System.
  - GRS/On-Line - On-Line Retrieval System.

- In August 1983 InSci introduced the VSAM Payroll/Personnel System, an interactive system which operates under OS and CICS and uses IBM's VSAM software. A DOS version will be available in early 1984.
- Approximately 80% of InSci's fiscal 1983 processing services revenue was on-line and 20% batch.
  - The InSci/80 Payroll/Personnel Remote On-Line service provides interactive remote computing services to companies with 100 to 15,000 employees. There are currently over 100 on-line service clients.
    - Available applications include:
      - A basic personnel system, which consists of employee and career profiles, EEO and benefit information, and related reports.
      - A basic payroll system, which provides payroll checks, registers, and reports.
      - Add-on features to the basic applications include Salary/Headcount Budget and Reporting, Payroll Interface, Attendance/Vacation and Applicant Tracking, Benefits Statement, Job Evaluation, and Expansion Screen.
    - On-line processing is available in three levels of service differing in pricing, options, usage, and the number of employees processed.
      - Level 1 handles up to 500 employees.
      - Level 2 handles 300 to 3,000 employees.
      - Level 3 handles 3,000 or more employees.
    - Monthly average service charges for InSci/80 on-line processing range from \$1,000 to \$2,500 and are based on the number of employees on the system with additional charges for extra processing time and communications costs. Customers can contract for the service on either an annual or monthly basis.
  - The InSci/80 Batch Service is targeted at companies with 500 to 10,000 employees and handles numerous personnel functions including the printing of employee and career files, tracking on continuous employment history, and monitoring of employee attendance. There are approximately 11 batch services clients.
- InSci's Services Division also markets a turnkey system for companies with 3,000 to 20,000 employees. The system runs on a Microdata REALITY Series 6000 minicomputer under PICK.



## INFORMATION SCIENCE INCORPORATED

- Software modules offered in the turnkey version are the same as those available as part of the InSci/80 Payroll/Personnel Remote On-Line Service. There are 10 turnkey installations, with prices ranging from \$40,000 to \$110,000.
- In fiscal 1982 InSci significantly reduced its consulting activity. InSci continues to provide programming and support services to assist in the sale and installation of software. The company also provides product-oriented conferences for current and prospective software clients.

### INDUSTRY MARKETS

- InSci currently has over 1,000 clients including banks and other financial institutions, manufacturers, hospitals, insurance companies, utilities, as well as energy, transportation, entertainment, and services organizations.
- Nearly half of the Fortune 100 and 45 of the largest 125 U.S. banks use InSci software.

### GEOGRAPHIC MARKETS

- Ninety-seven percent of InSci's fiscal 1983 revenue was derived from the U.S., 2% from Canada, and 1% from other international sources.
- Sales offices are located in Los Angeles and San Mateo (CA), Atlanta, Oakbrook Terrace (IL), Montvale (NJ), New York City, Dallas, Bethesda, Boston, and Toronto.
  - Professional services and software products are available throughout the U.S. and Canada.
  - Processing services are currently marketed primarily in the north-eastern and southern U.S. InSci plans to open InSci/80 offices in Oakbrook Terrace (IL) and Los Angeles in fiscal 1984.

### COMPUTER HARDWARE AND SOFTWARE

- InSci maintains the following equipment at its Montvale headquarters:
  - For use primarily for software development activities:
    - 2 IBM 4341s, VM/VSI, OS, DOS/VSE.
    - 1 IBM 370/158, VM/VSI, currently being upgraded to an IBM 4341.
  - Eight Microdata REALITY minicomputers running under PICK, of which seven are used for InSci/80 processing services and one for development.
    - InSci's remote computing services are accessed via toll-free telephone lines.



180 181  
155 175  
over \$18 M 300% growth  
18M PSE 4/82

## COMPANY HIGHLIGHT

**INFORMATION SCIENCE  
INCORPORATED**  
95 Chestnut Ridge Road  
Montvale, New Jersey 07645  
(201) 391-1600

Leo Kornfeld, President  
Private Corporation  
Total Employees: 250  
Total Revenue, Fiscal Year End  
4/30/81: \$15,200,000

### PRINCIPAL BUSINESS

- Information Science Inc. (InSci), founded in 1965, specializes in marketing software products and providing processing services for human resource management.

### FINANCIALS (\$ thousands)

	4/81	4/80	4/79	4/78	4/77
Revenues	\$15,200	\$11,500	\$ 9,000	\$ 6,650	\$ 5,000
Percent increase from previous year	32%	28%	35%	33%	N/A

- InSci's financials have been restated from previously reported numbers to reflect the sale of a subsidiary, Program Products Inc., in October 1980.

### SOURCE OF REVENUE

- The majority of InSci's revenues are derived from software products. Processing services, representing less than 25% of total revenues, is its fastest growing segment.

### DIVISIONS

Software Products Division  
Services Division (Processing)  
Technical Services Division (Internal Support)

### COMPETITORS

- InSci competitors for its human resource software and services are MSA, TRES, Dyatron, Cyborg, Integral Systems, Comshare, National CSS, and Tymshare.

# INFORMATION SCIENCE INCORPORATED

## PRODUCTS AND SERVICES

- InSci's major software packages are the Human Resource System (HRS) and Payroll. Both are modular, interrelated personnel management systems, available for medium- to large-scale installations in sequential batch and on-line versions. Over 700 packages have been installed.
  - HRS starts at \$48,000. An average system, including 30 modules, costs \$70,000. The basic components of HRS are:
    - Personnel Record and Employee Profile.
    - Continuous Employment History.
    - General Retrieval.
  - Payroll costs \$39,500 and includes 63 modules. An optional on-line module which provides data entry, batch control, and employee record review is also available.
  - HRS and Payroll operate on IBM 360/370, 30XX, 4300, and IBM compatible mainframes. Both systems are written in ANSI COBOL and will operate under OS, VS or DOS.
  - InSci's revenue from HRS has exceeded \$65 million since it was introduced in 1965.
- Several modules of InSci's Human Resources System can operate independently of HRS and are sold separately. These are:

### Price

- Benefit Statement	\$15,000
- ERISA Pension System	\$35,000+
- Expanded EEO Compliance System	\$28,000
- Affirmative Action Planner	\$ 7,000
- Expanded OSHA-Health/Safety System	\$75,000

- InSci's IMS Payroll/Personnel System, introduced three years ago, is a true IMS data base system for personnel and payroll administration.
  - It is available for IBM 370 and 30XX, using ANS COBOL or VS ANS COBOL 2, and operates under IMS/VS.
  - There are 25 installations of the package, which sells for \$150,000.
  - An on-line interactive version of Payroll/Personnel under IMS is also available.
- Several new products have recently been announced by InSci.

*over \$5 million*

## INFORMATION SCIENCE INCORPORATED

- GRS Executive is a high level English oriented on-line retrieval system designed for non-technical users.
- GRS On-line is an interactive report writer used for standard and ad hoc reports.
  - Both the GRS Executive and On-Line Systems operate on IBM and IBM-compatible mainframes under DOS or OS.
  - Price for each product is about \$40,000.
- In 1982, InSci will start marketing a new on-line, interactive Payroll/ Personnel System based upon Cullinane's data base management system, IDMS. The new system will be sold as a software product and will also be offered on InSci's processing service.
- Processing services are offered on a remote computing basis through the InSci/80 service and on a batch or remote batch basis through the IBM Mainframe Remote Service. Approximately 80% of InSci's processing revenue is remote and 20% is batch. Both services offer the basic components of the Human Resource System.
  - The InSci/80 service is offered on Microdata REALITY and is typically used by companies with less than 2,000 employees.
    - There are over 80 InSci/80 clients, most of which are located on the east coast.
    - Cost of the service averages \$1 per employee, per month. Most clients sign an annual contract for the service.
  - The IBM Mainframe Remote Service is offered on an IBM 370/158 and is generally used by companies with over 2,000 employees.
    - Price of the Mainframe Service is based on the number of employees and frequency of update, but generally averages \$1 per employee, per month.
    - There are approximately 20 clients.

## INDUSTRY MARKETS

Manufacturing	40%
Transportation	4
Utilities	6
Banking and finance	17
Insurance	10
Distribution	9
Government (state and local)	2
Other services	<u>12</u>
	100%

## INFORMATION SCIENCE INCORPORATED

### GEOGRAPHIC MARKETS

- Approximately 90% of InSci's revenue is derived from the U.S. and 10% comes from Canada and other foreign countries.
- InSci's regional offices are located in Montvale (NJ), Oakbrook (IL), San Mateo (CA) and San Antonio (TX). Branch offices are in Dallas, Atlanta and Los Angeles.
- International representatives are located in Holland, the United Kingdom, and will soon be in Australia and South Africa.

### COMPUTER HARDWARE AND SOFTWARE

- InSci has one IBM 370/158 operating under OS/DOS which is connected to each regional office via a network. Four Microdata REALITYs are also installed.

## COMPANY HIGHLIGHT

**INFORMATION SCIENCE  
INCORPORATED**  
95 Chestnut Ridge Road  
Montvale, New Jersey 07645  
(201) 391-1600

Jack Hight, President  
Private Corporation  
Total Employees: 250  
Total Revenues, Fiscal Year End  
4/30/80: \$15 million

---

### THE COMPANY

- Information Science Inc. (InSci) was founded in 1965 as a New York Corporation. In 1967, CPC International acquired part of InSci's assets, and InSci became jointly owned by its founding employees and CPC. InSci is currently owned by Jack Hight, cofounder of Electronic Data Systems Federal Corporation, and the Wall Street investment firm of Welsh, Carson, Anderson and Stowe.
- InSci was founded as a consulting and custom software firm specializing in human resource information systems. It has since shifted its focus from providing professional services to selling software, although its expertise continues to be human resource management. InSci also offers processing services and a dedicated minicomputer system.
- InSci has achieved a compounded annual growth of 20% over the past five years. Revenues in FY 1980 reached \$15 million, an increase of 10% over 1979's \$3.6 million. InSci management states that the company is profitable. A five-year financial summary follows:

InSci  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ Thousands, FYE 4/30)

ITEM \ FISCAL YEAR	1980	1979	1978	1977	1976
Revenues	\$15,000	\$13,600	\$10,000	\$ 7,500	\$ 6,500
Percent increase from previous year	10%	36%	33%	15%	N/A

- InSci is organized into two sales regions: the Eastern Division (Montvale, NJ) and the Western Division (Oakbrook, IL). InSci also has a Consulting Group based in Washington, D.C.
  - The Corporate Consulting Group provides consulting services to solve human resource management problems, and consultation to corporate

staffs regarding legislation and regulations affecting human resource activities.

- In October 1980, InSci sold its software subsidiary, Program Products Inc. (PPI), to National CSS, Inc. PPI is best known for its Data Analyzer and Audit Analyzer retrieval and report packages.

- There are 250 InSci employees, segmented as follows:

Marketing/sales	34
Software services/customer support	109
Computer operations	18
General/administrative	<u>89</u>
	250

- Major InSci competitors include IBM, MSA and timesharing companies.

## KEY PRODUCTS AND SERVICES

- An estimate of InSci's revenues by type of service follows:

TYPE	PERCENT OF TOTAL	REVENUE VALUE (\$ THOUSANDS)
Software products	60%	\$ 9,000
Processing services	30	4,500
Professional services	5	750
Turnkey systems	<u>5</u>	<u>750</u>
	100%	\$15,000

- InSci's major software packages are the Human Resource System (HRS) and Payroll. Both are modular personnel management systems available for medium- to large-scale sequential batch and on-line systems. Over 400 packages have been installed since their introduction.

- HRS starts at \$20,000. An average system costs \$45,000 and includes 30 modules as well as user, technical and installation manuals, and free installation support and training. The basic components of HRS include:

- Personnel Record and Employee Profile.
- Continuous Employment History.
- General Retrieval.

- Payroll starts at \$35,000. An average system costs \$35,000 and includes 63 modules.



## COMPANY HIGHLIGHT/INFORMATION SCIENCE INCORPORATED

- HRS and Payroll operate on the following equipment: IBM 360/370, 30XX, 4300; Honeywell 6620; Burroughs 6700/7700; and HP 3000. Both systems are written in ANSI COBOL and will operate under OS, VS or DOS.
- Several modules of InSci's Human Resources System can operate independently of HRS and are sold separately. Called the Expansion systems, modules available are:

### Price

- |                                      |           |
|--------------------------------------|-----------|
| - Benefit Statement                  | \$12,500+ |
| - ERISA Pension System               | 29,500+   |
| - Expanded FEO Compliance System     | 17,000+   |
| - Affirmative Action Planner         | 6,300+    |
| - Expanded OSHA-Health/Safety System | 25,500+   |
- InSci IMS Payroll/Personnel system is a comprehensive system for personnel and payroll administration. This package is used in conjunction with IBM's IMS data base management system.
    - It is available for IBM 370 and 30XX using ANS COBOL or VS ANS COBOL 2, and operates under IMS/VS or DOS/VS DLI.
    - There are 15 installations of this package, which costs \$150,000.
  - Processing services, started in 1974, are available through its InSci/80 and IBM Mainframe Remote Service. Applications available on the network consist of the basic components of HRS.
    - Eighty percent of InSci's processing services are handled by remote computing (70% of which is interactive and 30% remote batch). The remaining 20% of processing services is handled in a batch mode.
    - InSci's HRS system is also offered in its entirety by Computer Sciences Corporation on the INFONET network.
  - InSci markets a dedicated minicomputer system called the InSci 80 Mini-computer Human Resource system. This interactive system includes all the standard features of InSci's HRS. It is sold on a Microdata REALITY. The InSci/80 standalone system costs approximately \$130,000.

## INDUSTRY MARKETS

- InSci's revenues are derived from the following industries:

## COMPANY HIGHLIGHT/INFORMATION SCIENCE INCORPORATED

-	Manufacturing	40%
-	Transportation	4
-	Utilities	6
-	Banking and finance	17
-	Insurance	10
-	Distribution	9
-	Government (state and local)	2
-	Other services	<u>12</u>
		100%

### GEOGRAPHIC MARKETS

- Approximately 90% of InSci's revenues are derived from the U.S., with the remaining 10% stemming from Canada and other foreign countries.
- In addition to its regional offices, InSci has branch offices in the following cities:
  - West Palm Beach (FL).
  - Atlanta.
  - San Antonio.
  - Menlo Park (CA).

### COMPUTER HARDWARE AND SOFTWARE

- InSci has one IBM 370/158 operating under OS/DOS, one HP 3000 operating under MPE, and four Microdata REALITYs.
- InSci's data center is located at its corporate headquarters. Access to its data center is available through leased and WATS lines, Telenet and TYMNET services.

Notes from Pat <sup>Chief</sup> ~~Shelton~~ <sup>Shelton</sup>  
Marketing Coordinator  
InSci. 11/23/76

#### COMPANY HIGHLIGHT

INFORMATION SCIENCE INCORPORATED  
95 Chestnut Ridge  
Montvale, New Jersey 07645  
(201) 391-1600

Dr. Edgar D. Hutchell, Chairman and others  
acq. CPC Intern'l  
D stock.  
ESP. P. K. L. 10/31/77  
Dale H. Learn, President  
Private Corporation, jointly owned  
by founding employees and Corn  
Products Corporation International.  
Revenues: Fiscal year end 4/30/76  
\$5-\$10 million range.  
Computer services employees: 170

#### COMPANY BACKGROUND:

- Information Science Incorporated (InSci) provides automated personnel/payroll management systems and information retrieval systems to companies in a variety of industries, primarily those which are labor intensive.
- The company was organized in New York in 1965 as a consulting and custom software firm. In 1967, Corn Products Corporation International (CPC), a \$3 billion corporation, acquired part of the assets.  
MULTI shares in INSCI \*
- In the early seventies, InSci began moving toward standardized software packages and away from consulting and custom software. Although InSci still customizes about one-third of its standard packages, continued enhancements to its standard packages are gradually reducing the need for customization.

#### OVERALL ASSESSMENT AND TRENDS:

- InSci now claims to be the leader in the automated personnel management field. Currently, its major revenue generator is the Human Resource System, a modular personnel package, which generates about 70% of total revenues. Consulting services supply about 20% and remote computing about 10% of total revenues.
- To date, InSci has focussed its product offerings on automated personnel systems rather than pursuing an aggressive policy of growth into other market areas. It is, however, expanding its offerings in the personnel sector through increasing specialization in the area of government requirements for personnel reporting.
- InSci's goal for the near future appears to be continued growth in the area of modular automated personnel packages. Expansion possibilities also include marketing its software either through a timesharing network (discussions are in progress) or in conjunction with mainframe manufacturers.

#### KEY PRODUCTS AND SERVICES:

- InSci offers two basic services to its clients: personnel management

.November/1976

\* In October, 1977, CPC International's interest in InSci was acquired by INPUT

## COMPANY HIGHLIGHT/INFORMATION SCIENCE INCORPORATED

/payroll systems and information retrieval and reporting systems.

- The Human Resource System, an automated personnel/payroll system, is among the most successful personnel packages available today.
  - It is a modular system with the basic module offering personnel records and employee profiles. Add-on modules include manpower planning, job evaluation, career pathing, ERISA/ benefits planning and administration, government EEO requirements for personnel reporting, and payroll. *KOSHA*
  - The system is available as a software package for use on IBM, Burroughs, Honeywell, and DEC mainframes or as a remote computing service through InSci's in-house IBM 360/65 computer facility.
- The information retrieval and reporting system is available both separately and in conjunction with the personnel system.
- InSci also offers its clients consulting services and some custom programming in the personnel management field.
- *HRC III (Human Resource Cptr) - turnkey sys*

APPLICATIONS: InSci specializes in automated personnel/payroll administration, a general business application.

### INDUSTRY/MARKETS:

- Many of InSci clients are firms in the banking/finance and insurance industries.
- Other clients are from a variety of industries, including manufacturing utilities, medical, state and local government, chemicals and pharmaceuticals, and food products.

### GEOGRAPHIC MARKETS:

- The more than 300 clients are located throughout the U. S. with concentrations in the Eastern states.
- InSci has division offices in Menlo Park, California (called Western Information Science Inc.); San Antonio, Texas; Chicago, Illinois; West Palm Beach, Florida; Memphis, Tennessee; and Raleigh, North Carolina.

### COMPUTER HARDWARE AND SOFTWARE:

- InSci's remote computing services are offered through its IBM 360/65 mainframe and Data 100 remote batch terminals located in New Jersey.

November/1976  
44.2

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Information Science Incorporated

95 Chestnut Ridge Road  
Montvale, New Jersey 07645  
201-391-1600

November 30, 1976

Ms. Caroline Meredith Wood  
Manager, Company Analysis  
INPUT  
2180 Sand Hill Road  
Suite 320  
Menlo Park, California 94025

Dear Ms. Wood:

This letter is to confirm my conversation with Pat Deely last week, in which I related to her the objections set forth by our Corporation Council as to certain portions of your write-up on Information Science Incorporated. Although we realize that this report is already in print, we would like these discrepancies corrected if any revisions, or reprinting are required.

I have itemized the objections below:

- 1) Our parent company is officially known as CPC International; it is no longer known as Corn Products Corporation.
- 2) In 1967, CPC International acquired shares in Information Science Incorporated, not "part of the assets," as you described.
- 3) CPC International should be described as a "multibillion dollar corporation," rather than a "\$3 billion corporation."
- 4) InSci's systems are not sold to industries which are "primarily labor intensive," as you describe them; if anything, they could be considered "non-labor intensive."



Patricia Glickman  
November 30, 1976  
Page Two

- 5) One of our most important modules, the expanded OSHA system, was omitted in your description of our add-on modules at the top of the second page.
- 6) In order to prevent the appearance of a "computer supermarket" type of operation, we would appreciate the inclusion of the following paragraph immediately after the description of our modules:  
"With few exceptions, InSci's software packages are distributed only after consultation with its customers, so that the consulting function has never disappeared from the business."

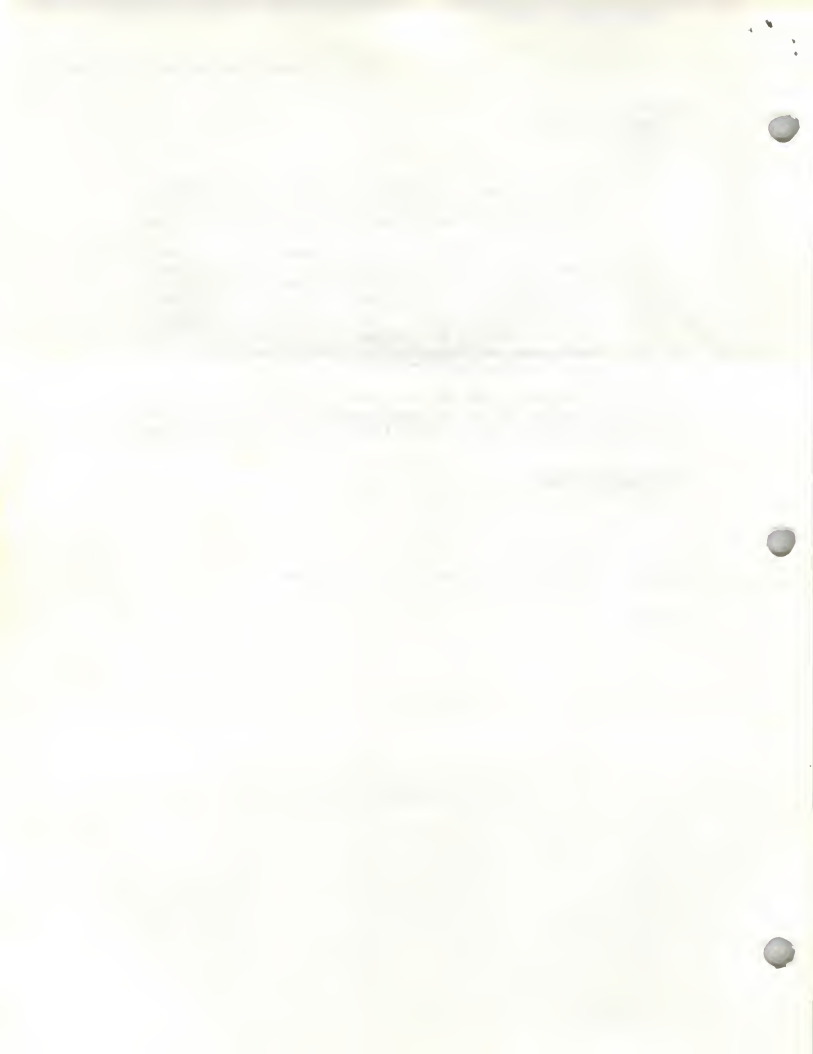
I am most grateful for all the time you have taken with your most informative report on our company. If you have any questions with the above material, please don't hesitate to call me.

Very truly yours,



Patricia Glickman  
Marketing Coordinator-Information Science

PG:mlb





INSERT

With few exceptions software packages are distributed only after consultation with customers so that the consulting function has never disappeared from the business.

INPUT



## COMPANY PROFILE

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### INFORMATION SCIENCE INCORPORATED

95 Chestnut Ridge Road  
Montvale, NJ 07645  
(201) 391-1600

Ernest E. Keet, Chairman  
Bruce T. Coleman, President and CEO  
Total Employees: 150 (6/89)  
Total Revenue, Fiscal Year End  
4/30/89: \$13,051,500

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### The Company

Information Science Incorporated (InSci<sup>TM</sup>), founded in 1965, provides human resource management system (HRMS) application software products and human resource professional services.

In November 1987, control of InSci was acquired by Vanguard Atlantic Ltd., a Connecticut-based merchant banking firm. During the third and fourth quarters of fiscal 1988, private capital placements of approximately \$5 million made by Vanguard and certain other investors provided InSci with equity financing of approximately \$4.8 million.

- InSci's new management developed a strategic plan which re-focused the company's business on high-end HRMS mainframe software and professional services, and implemented certain cost containment efforts in order to bring the company back to profitable operations.
- The company's payroll processing business, which had never been profitable, was closed and the book of business was sold to a former competitor.
- Distribution of InSci's microcomputer software products was transferred to Aspetuck Systems. InSci continues to support and develop these products.
- Various debt arrangements were renegotiated, leases for unused facilities were bought out on favorable terms, and certain staff reductions were made.
- As a result of these cost containment efforts, the company reduced operating expenses by 27% during fiscal 1988 and working capital deficiency was reduced to \$162,200.
- In October 1988, InSci introduced SAA<sup>vi</sup>, a new family of SAA-compliant HRMS software products which generated more

than \$1 million in sales during fiscal 1989. For fiscal 1989, the company reported its first profitable year in five years.

InSci's fiscal 1989 revenue reached \$13.1 million, a 6% increase over fiscal 1988 revenue of \$12.3 million. The company reported net income of \$107,000, compared to net losses of \$3.9 million for fiscal 1988. A five-year financial summary follows:

**INFORMATION SCIENCE INCORPORATED  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	4/89	4/88	4/87	4/86	4/85
Net revenue	\$13,051	\$12,324	\$15,046	\$20,112	\$28,849
• Percent increase (decrease) from previous year	6%	(18%)	(25%)	(30%)	3%
Income (loss) before taxes from	\$122	\$(2,371)	\$(5,302)	\$(6,327)	\$(12,366)
• Percent change from previous year	105%	55%	16%	49%	(606%)
Net income (loss)	\$107	\$(3,898)	\$(6,527)	\$(6,359)	\$(11,829)
• Percent change from previous year	103%	40%	(3%)	46%	(895%)
Earnings (loss) per share	\$0.01	\$(0.49)	\$(1.38)	\$(1.35)	\$(2.36)
• Percent change from previous year	102%	64%	(2%)	43%	(774%)

InSci acquired Implementation Support Associates, Inc. (ISA) in May 1989. ISA provides professional services in the area of human resource consulting and customized software.

Essential Solutions, based in Atlanta (GA), is a wholly owned subsidiary formed in June 1988 that provides HRMS products and services for Wang VS systems.

Major software competitors include Management Science America, McCormack & Dodge, Cyborg, Tesseract Corp., and Integral Systems, Inc.

### Key Products and Services

A three-year summary of source of revenue follows:

**INFORMATION SCIENCE INCORPORATED  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR					
	4/89		4/88		4/87	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Software licenses	\$2.7	21%	\$2.1	17%	\$4.3	28%
Maintenance	5.7	44%	5.0	41%	4.4	29%
Processing services	2.2	17%	3.4	27%	4.9	33%
Professional services	1.9	14%	1.4	12%	0.9	6%
Other	0.6	4%	0.3	3%	0.5	4%
<b>TOTAL</b>	<b>\$13.1</b>	<b>100%</b>	<b>\$12.3</b>	<b>100%</b>	<b>\$15.0</b>	<b>100%</b>

InSci's HRMS software products support the following applications:

- Personnel, including recordkeeping, administering salaries, benefits and pensions, monitoring attendance, government reporting, tracking applicants, employee histories, and analyzing workforce composition and costs
- Payroll, including tracking and computing of taxes, deductions, specialized earnings and overtime to generate checks and direct deposit notices
- Defined contributions
- Pension administration
- Flexible benefits administration
- EEO and benefits reporting
- Decision support tools, including report writers and information inquiry software

InSci currently offers the following software product lines:

- SAA<sup>vi</sup>, introduced in October 1988, combines integrated HRMS applications with SQL/DB2 relational retrieval and natural language decision support tools.
  - SAA<sup>vi</sup> is designed to serve as the platform for system integration projects in very large or complex environments.
  - The software runs on IBM mainframes under SAA, DB2, VSAM, CICS, IMS, MVS, and DOS..
  - SAA<sup>vi</sup> has been licensed by 30 major corporations.
  - SAA<sup>vi</sup>/PLUS is a family of professional service offerings for companies using SAA<sup>vi</sup> or who are planning to migrate to the new product. Services include planning, needs analysis, project management, migration support services, custom design and modifications, extended maintenance (custom environment support and maintenance), implementation and remote support, remote bulletin access, and training.
- Classic is InSci's line of high-function, lower-cost, modular products built for turnkey or slightly customized installations.
  - Classic is targeted to medium and small organizations or large organizations with modular requirements.
  - Classic runs on IBM and compatible mainframes under MVS, DOS, CICS, and VSAM.
  - Modules range in price from \$30,000 to \$90,000. There are currently over 400 Classic clients.
- Through Essential Solutions Incorporated, InSci offers modular, integrated software products for Wang VS and UNIX-based minicomputers.
  - Basic modules include Personnel and Payroll. A FlexComp module is also available for flexible benefits administration. The system also includes modules to support recently enacted health care continuation (COBRA) and benefits discrimination legislation.
  - The products range in price from \$30,000 to \$115,000. There are currently over 75 installations.
- InSci's Database product line is an integrated Payroll/Personnel HRMS that provides full functionality for ADABAS or IMS users.

- The products are available for IBM and compatible mainframes running IMS/DB, CICS, IMS/DC, ADABAS.
- The software ranges in price from \$90,000 to \$255,000. There are currently over 100 installations.
- InSciPersonality, introduced in late fiscal 1986, is a family of HRMS software for the IBM PC XT/AT, PS2, and compatible microcomputers.
  - Applications supported include applicant tracking, employment, EEO administration, compensation, performance, job evaluation, benefits administration, education, training, skills, and labor relations.
  - There are currently over 100 systems installed.

InSci90 is the company's processing service that supports personnel applications. There are currently approximately 50 InSci90 clients.

### **Industry Markets**

InSci currently has over 1,000 clients, including banks and other financial institutions, manufacturers, hospitals, insurance companies, and utilities, as well as energy, transportation, entertainment, and services organizations.

InSci markets its IBM mainframe-based products and services directly to IBM's 2,000 largest customers.

### **Geographic Markets**

One hundred percent of InSci's revenue is derived from the U.S.

Branch offices are located in Atlanta (GA), Chicago (IL), and Orangeburg (NY).





## COMPANY HIGHLIGHT

**INFORMATION SCIENCES, INC.**  
P.O. Box 1329  
Annex Station, RI 02901  
(401) 278-5900

Martin A. Stein, President  
Wholly Owned Subsidiary of  
Industrial National Corporation  
Total Employees: 262  
Total Revenues FYE 12/31/79:  
\$8 million\*  
Non-Captive Revenues: \$4 million\*

---

### THE COMPANY

- Information Sciences, Inc. (ISI) was established in 1968 and is one of 18 subsidiaries held by Industrial National Corporation (INC), the largest bank holding company in Rhode Island.
  - INC has one other computer services subsidiary, C-O-M Service Bureau, Inc., which provides computer output microfilm services to customers in the utilities, insurance, banking and general business fields.
- ISI provides remote computing and batch processing services, along with a wide variety of financial applications, to more than 500 clients, including banks, municipalities and business corporations.
- Services performed for affiliates, principally the Industrial National Bank of Rhode Island, generated an estimated 50% of ISI's 1979 revenues.
- The 262 employees are distributed as follows:

Marketing/sales	4
Software services/customer support	70
Computer operations	183
General/administrative	5
	<hr/>
	262

- Information Sciences' major competitor in the provision of payroll processing services is Automatic Data Processing, Inc. ISI competes with the First National Bank of Boston for other banking services.

### KEY PRODUCTS AND SERVICES

- Processing services generated an estimated 95% of ISI's 1979 non-captive revenues. Professional services accounted for the remaining 5% of revenues.

\* INPUT estimate

## COMPANY HIGHLIGHT/INFORMATION SCIENCES, INC.

- Approximately 90% of its non-captive 1979 revenues was derived from batch services. The remaining 10% was derived from interactive remote computing services, which the company began offering in 1978.
  - Processing services offered in a batch mode include general business applications such as payroll, accounts payable, accounts receivable, general ledger and cash disbursements.
  - Specialty applications provided to banks and financial institutions include check processing, savings accounting and loan accounting.
- ISI performs a minimal amount of software customization in order to meet the specific processing needs of its customers.
- ISI has provided highly specialized processing to the Visiting Nurses Association (VNA) for over ten years. The VNA Management Information System performs invoicing and accounting tasks. The system also tracks patient demographics, medical diagnosis, treatment results, case loads and visit costs.
- An IBM 370/148 system is fully dedicated to the Industrial Bank of Rhode Island, and is used primarily for electronic funds transfer (EFT) services.
  - Automatic teller terminals and lobby devices are located in the bank's 50 branches in Rhode Island. Approximately 15 branches are also equipped with cash dispensers for transfer or withdrawal of funds.
  - ISI plans to offer EFT systems to its non-captive clients in early 1981.
- Information Sciences' former president, Arthur S. Ladd, left the company in 1979 to form TRAM Associates. TRAM acts as an independent agent through which ISI markets its Trust Accounting and Profitability package. TRAM also markets the Trust Fee Simulation package introduced by ISI in 1978.
- In 1981, ISI will conduct a feasibility study regarding the implementation of an on-line trust accounting system for Industrial National Bank.

**INDUSTRY MARKETS** An estimated 75% of non-captive 1979 revenues was derived from the banking and financial industry. Approximately 5% of revenues was for processing services performed for the Visiting Nurses Association. The balance of non-captive revenues is distributed through several industries, including manufacturing, retail distribution and municipal government.

**GEOGRAPHIC MARKETS** One hundred percent of ISI's revenues is derived from the southern New England states, including Connecticut, Massachusetts and Rhode Island.

### COMPUTER HARDWARE

- ISI has the following mainframes :
  - One IBM 3031, DOS.
  - One IBM 370/148, DOS.
  - One Intel AS/5, DOS.
  - Two DEC PDP-11/70s.
- Remote computing services are offered via leased telephone lines.



Don Dubau, Controller  
"Don"

## COMPANY HIGHLIGHT

**INFORMATION SCIENCES INC.**  
P.O. Box 1329  
Annex Station, RI 02901  
(401) 278-5900

Arthur S. Ladd, President  
Wholly owned subsidiary of  
Industrial National Corp.  
Total employees: 250  
Total revenues fiscal year end  
12/31/77: \$5,000,000\*  
Non-captive revenues: \$3,000,000\*

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## THE COMPANY

- Information Sciences Inc. (ISI) has been both a Rhode Island and a Delaware corporation since 1968. Acquired in 1968, it is now one of 11 subsidiaries held by Industrial National Corporation, the largest bank holding company in Rhode Island.
- Other subsidiaries include COM Service Bureau, Mortgage Associates Inc., International Appraisers, Southern Discount, and Ambassador Factor.
- An affiliate bank generates approximately 40% of ISI revenues.
- ISI offers processing services, software products, and professional services to its users.
- Historically, ISI has grown 20% annually, and fiscal 1978 revenues are expected to exceed \$6 million. Management states all expansion has been through internal growth and that ISI is profitable.
- The 250 employees are distributed as follows:

Marketing and sales	5
Software services and customer support	65
Computer operations	170
General and administrative	<u>10</u>
	250

## KEY PRODUCTS AND SERVICES

- Processing services generated about 85% of ISI revenues, professional services about 10%, and software products the remaining 5% of fiscal 1977 revenues.

\*Management estimate

October 1978

## COMPANY HIGHLIGHT/INFORMATION SCIENCES, INC.

- In fiscal 1977, processing services were generated 92% by the batch mode and 8% by facilities management. In fiscal 1978, ISI began offering interactive remote computing services. These will generate a small portion of fiscal 1978 revenues.
  - Processing services offered in the batch mode include such general business applications such as payroll, accounts payable, general ledger, and cash disbursements.
  - Specialty applications provided to banks and financial institutions include check processing, savings accounting, loan accounting, and trust applications.
  - ISI has provided facilities management to the City of Providence for more than seven years. Applications include traffic tickets, water department billing, and tax accounting.
  - ISI management breaks out its processing revenues for 1977 as follows:

• Specialty financial services for banks	72%
• Other financial applications, including accounts payable, accounts receivable, and disbursements	10
• Payroll	10
• Municipality services	8
	<hr/>
	100%
- Software product revenues in 1977 were generated by ISI's Trust Accounting and Profitability package. In 1978 ISI introduced the Trust Fee Simulation software.
  - The Trust Accounting and Profitability package has 16 installations in bank trust departments throughout the country.
    - ISI has begun to form a users group to exchange ideas and share experiences about this product.
    - The purchase price is \$26,000. To date, all users have purchased rather than leased the software.
  - The Trust Fee Simulation package, with three installations, is a tool for aiding trust departments in selecting an optimum fee structure. This is achieved by providing analysis of profitable and unprofitable accounts and taking into consideration competitors' prices as revised fees are developed. Currently there are installations in Virginia, Tennessee, and Texas.
- Professional services performed include tailoring software products and processing services to specific customer needs.

## COMPANY HIGHLIGHT/INFORMATION SCIENCES, INC.

**APPLICATIONS** Specialty applications for the banking and finance and state and local government industries generated 80%, and general business applications generated 20% of 1977 processing revenues.

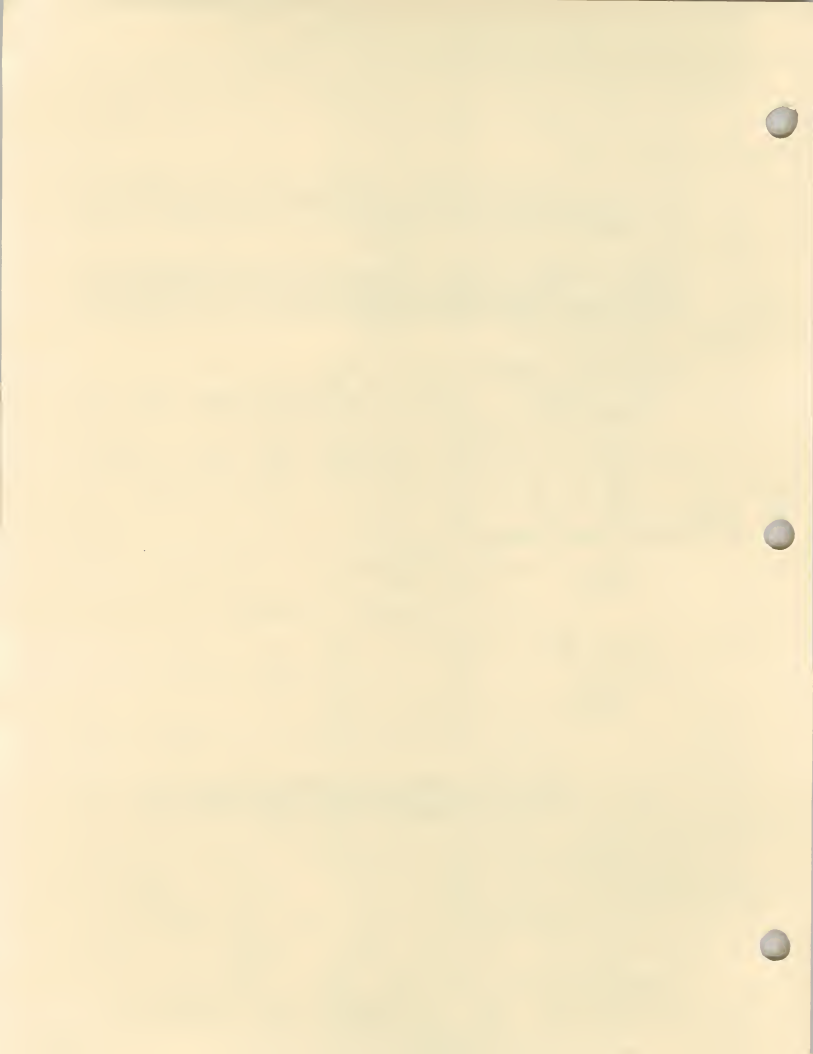
**INDUSTRY MARKETS** The banking and finance industry generated approximately 65% and local government 8% of non-captive revenues for 1977. The balance of non-captive revenues are distributed through several industries including manufacturing, retail distribution, and services.

## GEOGRAPHIC MARKETS

- Batch processing services revenues are derived from the New England region of the U.S., mostly from Rhode Island and Connecticut.
- Software products revenues are generated throughout the U.S. Installations are located in Connecticut, Indiana, Kentucky, Maryland, Michigan, Missouri, New Jersey, Ohio, Pennsylvania, Rhode Island, Texas, and Washington.

## COMPUTER HARDWARE AND SOFTWARE

- ISI uses the following mainframe and operating systems to perform processing services:
  - One IBM System/370 Model 145 running under DOS.
  - One Intel AS4 operating under DOS.
  - One DEC PDP-11/70.
- A recently acquired IBM System/370 Model 148 will be used to provide electronic funds transfer services to an affiliate bank.
  - Fully developed, the EFT system will include automatic teller terminals, cash dispensers, and lobby devices in the bank's 50 branches in Rhode Island.
  - Initially, bank customers will be able to check their bank account balances on lobby devices. Ultimately, customers will be able to transfer funds between bank accounts using these lobby devices.





## COMPANY HIGHLIGHT

### INFORMATION SYSTEMS DESIGN, INC.

2500 Mission College Blvd.  
Santa Clara, CA 95054  
(408) 727-8100

George T. Steele, Jr., President  
Wholly Owned Subsidiary of ISD  
Holding Company  
Total Employees: 156  
Total Revenues, Fiscal Year End  
6/30/80: \$13,500,000

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### THE COMPANY

- Information Systems Design, Inc. (ISD) was founded in 1966 as a division of Computel Systems, Ltd. Divested from Computel in March 1978, ISD has specialized in providing remote computing services for structural and electronic engineering, data base management and graphics applications since 1966.
- Revenues in FY 1980 were \$13.5 million, a gain of 12.5% over 1979's \$12 million. Revenues have grown at an annual rate of 15% over the past 5 years. ISD management stated that the company is profitable.
- ISD Holding Company has two other subsidiaries:
  - CAD Edison, Inc., purchased in June 1978, provides wire-wrap circuit routing analysis and wire-list consulting services.
  - Information Devices Corporation, formed in May 1980, will manufacture and market remote printers.
- ISD has 156 employees, segmented as follows:

Marketing/sales	63
Customer support	6
Computer operations	65
General/administrative	<u>22</u>
	156
- ISD's major competitors are Boeing Computer Services, United Computing Systems, University Computing Corporation and Control Data Corporation's Cybernet Services.

### KEY PRODUCTS AND SERVICES

- Remote computing services generated 100% of ISD's revenues in FY 1980. Approximately 60% came from remote batch and 40% from interactive processing. ISD's interactive processing service is called DEMAND.

- ISD's revenue by type of processing is:

Scientific and engineering	40%
Utility	60
(General processing)	<hr/>
	100%

- A profile of ISD's network applications is presented in Exhibit A.
- Applications software most widely used on the network includes ISD's electronic design, structural engineering, data base management and graphics applications. They provide 40% of total revenues.

### INDUSTRY MARKETS

- Approximately 60% of ISD's FY 1980 revenues was derived from discrete manufacturing and 30% from engineering and consulting firms. The remaining 10% came from the federal government. ISD management stated that approximately 80% of its revenues came from firms whose revenues are greater than \$25 million.

### GEOGRAPHIC MARKETS

- One hundred percent of ISD's revenues are derived from the United States, with the Pacific region providing the majority:

New England	3%
Middle Atlantic	7
South Atlantic	3
Southwest Central	3
Mountain	4
Pacific	<hr/>
	80
	100%

- ISD has branch offices in the following cities: El Segundo (CA), San Francisco, Houston, Santa Ana (CA), Fairport (NY), Bethesda (MD), and Berkeley.

### COMPUTER HARDWARE

- ISD uses one UNIVAC 1100/82 and three UNIVAC 1108s, all operating under EXEC-8.
- Conversational terminals supported are those using ASCII, EBCDIC or correspondence codes at 10 to 120 cps.

EXHIBIT A  
ISD NETWORK PROFILE

APPLICATION AREA/PRODUCT NAME	APPLICATION AREA/PRODUCT NAME
<ul style="list-style-type: none"> <li>• OPERATING ENVIRONMENT                             <ul style="list-style-type: none"> <li>- UNIVAC 1100/82, EXEC-8</li> <li>- UNIVAC 1108, EXEC-8</li> </ul> </li> <li>• PROGRAMMING LANGUAGES SUPPORTED                             <ul style="list-style-type: none"> <li>- FORTRAN</li> <li>- ASCII FORTRAN</li> <li>- ASCII COBOL</li> <li>- PASCAL</li> <li>- PL/1</li> <li>- BASIC</li> <li>- X BASIC</li> <li>- ASSEMBLER</li> <li>- CTS</li> </ul> </li> <li>• DATA MANAGEMENT SOFTWARE                             <ul style="list-style-type: none"> <li>- SYSTEM 2000</li> <li>- OMNIDATA</li> </ul> </li> <li>• ELECTRICAL ENGINEERING                             <ul style="list-style-type: none"> <li>- CIRCUIT SIMULATION APPLICATIONS                                     <ul style="list-style-type: none"> <li>• ASPEC</li> <li>• SPICE 2</li> <li>• SLIC</li> </ul> </li> <li>- LOGIC SIMULATION APPLICATIONS                                     <ul style="list-style-type: none"> <li>• LOGIS</li> </ul> </li> <li>- PROCESS SIMULATION APPLICATIONS                                     <ul style="list-style-type: none"> <li>• SUPREM-II</li> <li>• SAMPLE</li> <li>• MOSFET</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• MATHEMATICAL AND STATISTICAL                             <ul style="list-style-type: none"> <li>- IMSL</li> <li>- SPSS</li> </ul> </li> <li>• SYSTEM SIMULATION                             <ul style="list-style-type: none"> <li>- GPSS-1100</li> <li>- ACSL (ADVANCED CONTINUOUS SIMULATION LANGUAGE)</li> </ul> </li> <li>• STRUCTURAL ENGINEERING                             <ul style="list-style-type: none"> <li>- ISD/GIFTS</li> <li>- EISI/SPAR</li> <li>- ANSYS</li> <li>- MSC/NASTRAN</li> <li>- SACS</li> <li>- MARC</li> <li>- ARGUS</li> </ul> </li> <li>• GRAPHICS                             <ul style="list-style-type: none"> <li>- DISPLA<sup>®</sup></li> <li>- SURFACE DISPLAY LIBRARY (SDL)</li> <li>- TEKTRONIX PLOT-10</li> <li>- CALCOMP</li> <li>- ZETA</li> <li>- SC 4020</li> </ul> </li> </ul>

COMPANY HIGHLIGHT/INFORMATION SYSTEMS DESIGN, INC.

- Batch terminals supported include IBM 2780, 1130; Data 100, Univac 1004, HASP and Unitech.
- Access to ISD's network is available from over 100 cities via Tymnet for interactive use and Wats lines for remote batch use.
- A private line service is also available for higher speed transmissions such as 2400, 4800, 7200 or 9600 cps. By special arrangement, ISD's clients can transmit at 9200 and 50200 cps.

Rex Hawley, Director  
Plans & Programs

## COMPANY HIGHLIGHT

INFORMATION SYSTEMS DESIGN, INC.  
3205 Coronado Drive  
Santa Clara, CA 95051  
(408) 249-8100

George T. Steely, Jr., President  
Private corporation  
Total employees: 140  
Total revenues fiscal year end:  
6/30/78: \$5,500,000\*

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### THE COMPANY

- Information Systems Design, Inc. (ISD) was founded in 1966 as a California Corporation. Its principal business is remote computing services.
- During June 1978, ISD purchased CAD Edison, Inc. At the time of purchase CAD Edison generated revenues of \$400,000 annually by providing wire-wrap machine instructions and wire-list consulting.
- ISD employees are distributed by function as follows:

Marketing sales	19
Software services/customer support	42
Computer operations	54
General and administrative	<u>25</u>
	140

### KEY PRODUCTS AND SERVICES

- Processing services generated 95% and other computer services generated 5% of fiscal 1978 revenues.
  - Processing services for fiscal 1978 were comprised of:
    - 95% remote computing services
    - 5% batch services
  - Remote computing services were generated by mode as follows:
    - Remote batch 65%
    - Interactive 35%
    - 100%
  - Other computer services, such as software products, professional services and turnkey systems, generated 5% of fiscal 1978 revenues.
- ISD has approximately 20 minicomputer systems installed at client locations. Digital Equipment Corp., Data General, and Harris are the principal manufacturers.

\*INPUT estimate

October 1978

## COMPANY HIGHLIGHT/INFORMATION SYSTEMS DESIGN, INC.

- ISD's program library includes the following:
  - Data base management systems:
    - System 2000
    - OMNIDATA
  - Electrical engineering applications:
    - ASPEC, which performs electronic circulate simulation
    - CAS (Computer Aided Design System)
    - ISD-SPICE
    - COD (Constrained Optimal Design System)
  - Structural engineering applications:
    - SPAR, which is a finite element stress analysis package
    - ANSYS (ANalysis SYstem)
    - MARC
    - NASTRAN (NAsa STRuctural ANalysis)
    - NIFDI
    - NISA (Numerically Integrated elements for System Analysis)
    - PATCHES III
    - ICES/STRU DL-II (Integrated Civil Engineering System/STRUctural Design Language)
  - Graphics applications:
    - DISPLA
    - SURFACE DISPLAY LIBRARY (SDL)
    - TEKTRONIX PLOT-10
  - Linear programming and optimization
  - Mathematical and statistical applications
  - Programming-calculus
  - System simulation

### APPLICATIONS Revenues are generated by applications types as follows:

Scientific and engineering	85%
Industry specialty (for electronics industry and structural engineers)	10
General business	<u>5</u>
	100%

## COMPANY HIGHLIGHT/INFORMATION SYSTEMS DESIGN, INC.

**INDUSTRY MARKETS** Discrete manufacturing generated the majority of revenues for fiscal 1978 as shown below:

Discrete manufacturing		70%
Government		7
Federal	5	
State and local	2	
Other/consulting engineers		<u>23</u>
		100%

## GEOGRAPHIC MARKETS

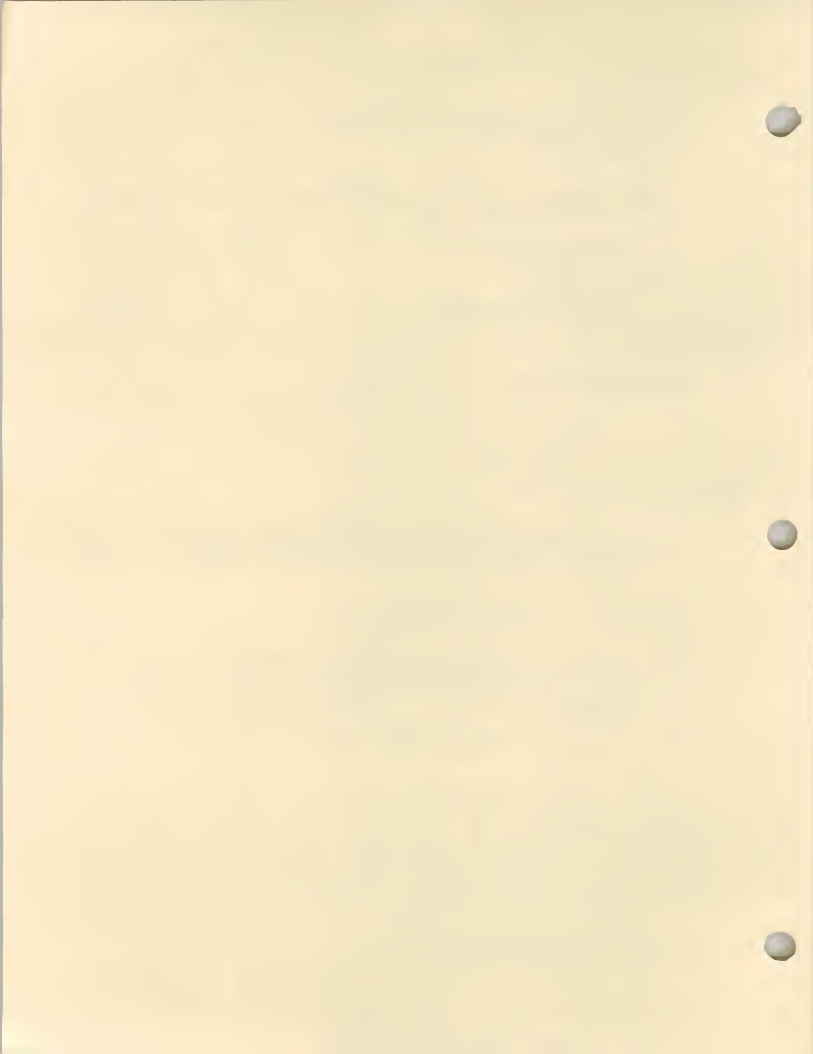
- Revenues for fiscal 1978 were distributed by region of the U.S. as follows:

Pacific	90%
Middle Atlantic	5
South Atlantic	<u>5</u>
	100%

- Branch offices are located in the following California cities: San Francisco, Berkeley, El Segundo, Santa Ana, and Lafayette. Recently, ISD has also opened an office in Houston, TX.

## COMPUTER HARDWARE AND SOFTWARE

- Five UNIVAC 1108 CPUs, running under EXEC 8, and one UNIVAC 1100/82, also running under EXEC 8, are used for providing computer services.
- Turnkey systems employ DEC PDP-11/34, Harris 1600, and Data General equipment.
- ISD subscribes to Tymshare's data communications network, TYMNET.





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**INFORMATION SYSTEMS OF  
AMERICA, INC.**

500 Northridge Road  
Atlanta, GA 30350  
Phone: (800) 659-4472  
Fax: (404) 587-6808

President:	Don Graham
Status:	Subsidiary
Parent:	Sprint Corporation
Total Employees:	170
Total Revenue:	\$12,100,000
Fiscal Year End:	12/31/91

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**Company  
Description**

Information Systems of America, Inc. (ISA) markets and supports integrated investment management and accounting software products for the financial services industry. The company also provides product support and consulting services to its software product clients.

- ISA clients include institutional investment firms and insurance companies.
- ISA is an IBM Business Partner under IBM's Authorized Industry Application Specialist Program.

ISA operates as a subsidiary of Sprint Corporation within Sprint's Complementary Businesses unit.

- Sprint, headquartered in Kansas City (MO) is one of the nation's three major long-distance telephone companies.
- Sprint operated as United Telecommunications until February 1992 when United Telecom acquired the remaining 19.1% interest in US Sprint Communications Company from GTE and changed its name to Sprint Corporation.

**Financials**

ISA's 1991 revenue is reported as \$12.1 million, a 2% decrease from 1990 revenue of \$12.3 million. A five-year revenue summary follows:

**INFORMATION SYSTEMS OF AMERICA, INC.**  
**FIVE-YEAR REVENUE SUMMARY**  
(\$ millions)

ITEM	FISCAL YEAR				
	1991	1990	1989	1988	1987
Revenue	\$12.1	\$12.3	\$14.5	\$13.0	\$14.3
Percent increase (decrease) from previous year	(2%)	(15%)	12%	(9%)	N/A

**Key Products and Services**

An estimated 85% of ISA's 1991 revenue was derived from applications software products and 15% from associated professional services.

ISA has delivered more than 1,000 software systems to customers worldwide.

- This includes more than 300 ISA investment management systems throughout the institutional investment industry and more than 400 accounting systems in the insurance industry.
- ISA's software products are available for IBM mainframes and PCs. Support is offered through IBM's Information Network.
- ISA is implementing IBM's SAA and DB2 in its products, as well as client/server architecture.

ISA currently offers the following investment management applications software products:

- ISA PRISM Investment Management and Accounting is a portfolio management and investment accounting system targeted to chief executive officers, chief financial officers, chief investment officers, and treasurers.
- The system is designed for the global investment market and provides immediate summary and detail information on investment position and exposure; handles unlimited numbers of portfolios; gives immediate cash and currency positions; handles a range of securities types; and supports multicurrency, accrual accounting, and full 4GL and regulatory reporting.
- The ISA On-line Securities Control and Reporting System (OSCARS) is a mainframe-based on-line investment accounting

system designed to meet the basic debt and equity portfolio needs of the insurance industry.

- The ISA Front-Office Investment module is a PC LAN-based system that supports portfolio management and analysis and trade analysis functions. Portfolio managers are provided with immediate access to current investment data and tools for analysis.

ISA currently offers the following accounting systems for the insurance industry:

- The ISA Accounting, Budget, and Cost (ABC) System is a centralized financial management system developed exclusively for the insurance industry.
  - The system provides general ledger accounting; budget performance and responsibility reporting; cost accounting and profitability analysis; statutory and financial management reporting; and 4GL reporting.
  - ABC is available for IBM mainframes.
- The ISA Cash Disbursement System (CDS) is a centralized corporate disbursement system specifically designed to give insurance companies maximum control of their cash.
  - The system gives customers one central repository and reconciliation facility for all check writing and features 4GL reporting.
  - The system provides check production from remote locations; formatting of checks and stubs; repetitive payment processing; electronic funds transfer; automated interfaces to in-house systems/general ledger; and statutory and financial management reporting.
  - CDS is available for IBM mainframes.
  - Users of CDS can interface to DISC, Inc.'s Abandoned Property & Escheatment Compliance System and Combined Interest Reporting System for automated escheatment compliance and Form 1099 reporting capabilities.

ISA also offers two new products that support report writing and mainframe-PC communications as follows:

- The ISA Report Writer System is a PC-based report writer that interfaces with ISA's applications and has high-resolution PC graphics capabilities.
- Financial Link is a PC-based two-way communications product that permits the transfer of financial data between ISA's ABC and CDS systems.

Client support services provided by ISA include system enhancements, regulatory updates, a user hotline, optional remote support through IBM's Information Network, training, documentation, monthly ISA product newsletters, and annual user group meetings.

**Industry Markets**

One hundred percent of ISA's 1991 revenue was derived from the insurance industry.

The company currently has more than 600 customers worldwide.

**Geographic Markets**

Approximately 90% of ISA's 1991 revenue was derived from the U.S. and 10% from international sources.

ISA has branch offices in New York City and Paris.

## COMPANY PROFILE

### INFORMATION SYSTEMS OF AMERICA, INC.

500 Northridge Road  
Atlanta, GA 30338  
(404) 587-6800

Don Graham, President  
Subsidiary of United Telecom  
Total Employees: 260  
Total Revenue, Fiscal Year End  
12/31/89: \$14,500,000\*

\*INPUT estimate

### The Company

Information Systems of America, Inc. (ISA) markets and supports integrated investment management and accounting software products for the financial services industry. The company also provides product support and consulting services to its software product clients.

- ISA clients include institutional investment firms and insurance companies.
- ISA is an IBM Business Partner under IBM's Authorized Industry Application Specialist Program.

INPUT estimates that ISA's 1989 revenue was approximately \$14.5 million, a 12% increase over 1988 revenue of \$13 million. A three-year revenue summary follows:

#### INFORMATION SYSTEMS OF AMERICA, INC. THREE-YEAR REVENUE SUMMARY (\$ millions)

ITEM	FISCAL YEAR		
	1989	1988	1987
Revenue	\$14.5	\$13.0	\$14.3
• Percent Increase (decrease) from previous year	12%	(9%)	N/A

### Key Products and Services

An estimated 85% of ISA's 1989 revenue was derived from application software products and 15% from associated professional services.

ISA has delivered more than 1,000 software systems to customers worldwide.

- This includes more than 300 ISA investment management systems throughout the institutional investment industry and more than 400 accounting systems in the insurance industry.
- Accounting packages from ISA are serving nearly two-thirds of the top insurance companies in the U.S.
- ISA's software products are available for IBM mainframes. Support is offered through IBM's Information Network.
- ISA plans to implement IBM's SAA and DB2 for future products.

ISA currently offers the following investment management application software products:

- ISA PRISM Investment Management and Accounting is a portfolio management and investment accounting system targeted to chief executive officers, chief financial officers, chief investment officers, and treasurers.
  - The system is designed for the global investment market and provides immediate summary and detail information on investment position and exposure; handles unlimited numbers of portfolios; gives immediate cash and currency positions; handles a range of securities types; and supports multicurrency, accrual accounting, and full reporting.
- The ISA On-line Securities Control and Reporting System (OSCARS) is an on-line investment accounting system designed to meet the basic debt and equity portfolio needs of the insurance industry.

ISA currently offers the following accounting systems for the insurance industry:

- The ISA Accounting, Budget, and Cost (ABC) System is a centralized financial management system developed exclusively for the insurance industry.
  - The system provides general ledger accounting; budget performance and responsibility reporting; cost accounting and profitability analysis; and statutory and financial management reporting.

- ABC is available for IBM mainframe and 9370 computers.
- The ISA Cash Disbursement System (CDS) is a centralized corporate disbursement system specifically designed to give insurance companies maximum control of their cash.
  - The system gives customers one central repository and reconciliation facility for all check writing.
  - The system provides check production from remote locations; formatting of checks and stubs; repetitive payment processing; electronic funds transfer; automated interfaces to in-house systems/general ledger; and statutory and financial management reporting.
  - CDS is available for IBM mainframe and 9370 computers.
  - Users of CDS can interface to DISC, Inc.'s Abandoned Property & Escheatment Compliance System and Combined Interest Reporting System for automated escheatment compliance and Form 1099 reporting capabilities.

Client support services provided by ISA include system enhancements, regulatory updates, a user hotline, optional remote support through IBM's Information Network, training, documentation, monthly ISA product newsletters, and annual user group meetings.

**Industry Markets**

One hundred percent of ISA's 1989 revenue was derived from the insurance industry.

The company currently has more than 600 customers worldwide.

**Geographic Markets**

Approximately 90% of ISA's 1989 revenue was derived from the U.S. and 10% from international sources.

ISA has branch offices in New York City and London.

The company has agreements with STERIA (Paris) and ENTEL (Madrid) for the marketing of On-Line Software's products in parts of Europe.





## COMPANY PROFILE

### INFORMATION SYSTEMS OF AMERICA, INC.

500 Northridge Road  
Atlanta, GA 30350  
(404) 587-6800

James H. Potter, President and CEO  
Subsidiary of United  
Telecommunications, Inc.  
Total Employees: 230  
Total Revenue, Fiscal Year End  
12/31/86: \$16,763,000

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### THE COMPANY

- Information Systems of America, Inc. (ISA) markets and supports financial and investment management application software for the financial services industry. The company also provides product support and consulting services to its software product clients.
  - ISA was formed in 1970 as Insurance Systems of America to market software, processing, and professional services to the insurance industry. In 1982 the company was acquired by United Telecommunications, Inc. for approximately 1.7 million shares of United common stock, valued at \$36.5 million. After the acquisition, United sold several of ISA's insurance software products and their associated processing services.
  - In January 1983 ISA acquired Business Information Products (BIP), the software division of United Information Services, and changed the company name to Information Systems of America to reflect its expanding marketing emphasis on selling integrated commercial financial applications software to cross-industry sectors.
  - In September 1984 ISA sold its commercial accounting software line (the former BIP products) and operations to COMPRO Financial Services, Inc., a new company formed by a group of ISA executives.
    - Products sold as part of the transaction include: ISA General Ledger and Financial Reporting, ISA Accounts Payable and Purchase Order Tracking, ISA Accounts Receivable, ISA Fixed Assets, FORESIGHT, and MICROFORESIGHT.
    - The product line generated an estimated \$1 to \$2 million during 1984 and was supported by approximately 40 employees.
- ISA's 1986 revenue from continuing operations was \$16.8 million, a 75% increase over 1985 revenue of \$9.6 million.

- ISA management estimates the company's revenue will increase 25-30% during 1987 as PRISM, an integrated family of products for investment management and accounting, penetrates new segments of the financial services industry.
- ISA has 230 employees, segmented as follows:

Sales and marketing	39
Product support	40
Development	75
Consulting	32
General and administrative	<u>44</u>
	230
- ISA management states that, at present, no single vendor competes with ISA on a major scale. There are competitors for portions of the PRISM family of products.

#### KEY PRODUCTS AND SERVICES

- ISA's 1986 revenue was derived approximately as follows:

Software products	
Sales	43%
Maintenance	39
Education and training	<u>3</u>
	85%
Professional services	<u>15</u>
	100%
- ISA's 1986 revenue was derived from financial and investment application software and support services provided to the financial services industry. The programs run on IBM and plug-compatible mainframes.
- Software products currently available from ISA are shown in the exhibit. The exhibit does not include products which are no longer actively marketed, but which still have over 100 users on product support.
- Approximately 59% of ISA's 1986 revenue was derived from investment management application software products and associated support services.
- In late 1984 ISA introduced PRISM, a new generation of investment management products. PRISM generated the dominant revenue stream in 1986. Its predecessor, OSCARS, is no longer actively marketed although the ISA Bond and Stock System is still marketed to the smaller insurance companies seeking a batch application. PRISM runs on IBM 4300 or larger computers and includes the following components:

## EXHIBIT

## ISA SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	CURRENT PRICES	NUMBER INSTALLED	CPU REQUIREMENTS
Accounting, Budget and Cost System (ABC)	Financial Control	\$64,500-\$118,500	260	IBM 43XX or Larger
Cash Disbursement System (CDS)	Centralized Check Writing	\$59,500	147	IBM 43XX or Larger
TELEXTRACTO	File Management Reporting	\$35,000	74 Standalone 680 Bundled	IBM 43XX or Larger
PRISM	Investment Management & Accounting	\$400,000-\$200,000	28	IBM 43XX or Larger
	Performance Measurement	\$100,000-\$200,000	-	
	Trade Entry Manager	\$100,000-\$200,000	-	
	Ledger	\$50,000-\$120,000	-	
TAX DIRECTOR	Tax Planning & Compliance	\$6,500	129	IBM, PC/XT, AT
Bond & Stock	Batch Investment Accounting System	\$35,000	166	IBM 43XX or Larger

- Investment Management and Accounting is PRISM's core product. The system:
  - Processes current types of investment vehicles, including mortgage-backed and foreign securities.
  - Accommodates new investment products.
  - Displays current holdings, trades, cash position and specific securities' performance on-line.
  - Updates the entire system automatically.
  - Has comprehensive consolidation capabilities. Receives and stores multiple pricing records for each security.
  - Calculates daily pricing and net asset value automatically.
  - Allows accrual accounting.
  - Conducts complete audit trails.
  - Allows easy entry of short-term security transactions, such as collateral information.
  - Maintains multiple cash accounts per portfolio.
  - Projects income dynamically from one day up to 99 years.
  - Interfaces with clearinghouse services, with automatic trade affirmation and confirmation.
  - Has interface capability to current MBS pool factors, pricing, and information services.
  - Has modeling and "what-if" analysis capabilities.
- PRISM Performance Measurement, introduced in 1986, draws data from PRISM Investment Management and Accounting on a daily basis to provide corporate executives and portfolio managers the information they need to evaluate portfolio performance and sharpen portfolio management skills. The system:
  - Performs active versus passive portfolio management analysis.
  - Detailed reports reflect conventional quantitative and theoretical analyses for any time period to help fine-tune management strategies.

- Computes time and dollar weighted rates of return over any time period.
- Performs statistical and attribution analysis on both equity and fixed income portfolio to allow the manager to pinpoint source of returns.
- PRISM Trade Entry Manager works with PRISM Investment Management and Accounting to capture executed trade detail. After a trader or portfolio manager enters trade detail, a tracking file provides immediate status of trades and holds them for further detail, error or conflict resolution, or release by an approving individual.
  - Trades can be allocated across portfolios (bulk trades) or split among multiple brokers; collateral is identified as delivered or received; multiple pools involved in a mortgage-backed trade are indicated.
  - Directory screens show information about portfolios, brokers and markets; daily reports show status of all trades; a complete history of all transactions is maintained.
  - Entry screens resemble trading tickets and are color-coded for easy use.
- PRISM Ledger interfaces with PRISM Investment Management and Accounting to perform ledger processing for multi-companies or organizations. It uses tables to customize charts of accounts, has on-line operator security, processing limits, suspense processing, and edit criteria for different data sources.
- A full trading system will be available in 1988 to support the complete trading function within an organization that uses PRISM Investment Management and Accounting.
- ISA's financial management and cash disbursement application products include the following:
  - The ISA Accounting, Budget and Cost System (ABC) is a financial management and reporting system developed specifically for insurance companies.
  - ABC receives disbursement data from the ISA Cash Disbursement System and other financial data from other systems.
  - The system handles multi-company operations and allocates revenue and expenses for budgeting and profitability analysis.

## INFORMATION SYSTEMS OF AMERICA, INC.

- Chart of accounts, edits, cost and budget centers, organizational structure, and reports are user-defined and user-controlled.
- ABC components include General Ledger, Budget, Cost, Suspense Accounting, and two report writers for management and statutory reporting.
- The ISA Cash Disbursement System (CDS) centralizes and controls the entire disbursement process.
  - CDS edits disbursement requests, controls payments, produces checks and drafts in user-defined formats, performs check reconciliations and follows up periodically on outstanding checks for escheat purposes.
  - Optional on-line features include data entry and editing, transaction validation, local or remote check and draft writing, and security.
- Other products available from ISA include the following:
  - TAX DIRECTOR, introduced in January 1985, is a microcomputer-based corporate income tax planning and compliance system that runs on the IBM PC/XT or AT. It is the replacement to FORETAX, a mainframe product.
  - TELETRACTO, a file management reporting system, is available as a standalone product or bundled with ISA mainframe products.
- Products no longer actively marketed by ISA include the ISA On-Line Alpha System, for alphabetical indexed records, FOREGRAPH, a graphics package, FORETAX, and On-Line Securities Control, Analysis and Reporting System (OSCARS).
- Client support services provided by ISA include system maintenance, a telephone hotline, user education and training, annual user group meeting, product enhancements, and monthly ISA product newsletters. Professional services provided to clients include consulting in requirements analysis, implementation, installation, and system evaluation.

### INDUSTRY MARKETS

- ISA's 1986 revenue was derived approximately as follows:

Insurance	65%
Banking and finance	30
State government and other	<u>5</u>
	100%

### GEOGRAPHIC MARKETS

- Approximately 91% of ISA's 1986 revenue was derived from the U.S. and 9% was from foreign sources.
- ISA has branch offices in New York City, Baltimore, Chicago, Hartford, Los Angeles, and Washington, D.C.

### COMPUTER HARDWARE

- ISA has an IBM 4341 and an IBM 3090 and several IBM PC/XTs installed in Atlanta.





## COMPANY PROFILE

### INFORMATION SYSTEMS OF AMERICA, INC.

500 Northridge Road  
Atlanta, GA 30338  
(404) 587-6800

James H. Potter, President  
Subsidiary of United  
Telecommunications, Inc.  
Total Employees: 201  
Total Revenue, Fiscal Year End  
12/31/84: \$18,000,000 (restated)\*

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### THE COMPANY

- Information Systems of America, Inc. (ISA) markets and supports financial and investment management applications software products for the insurance and financial services industry. The company also provides product enhancement and consulting professional services to its software product clients.
  - ISA was formed in 1969 as Insurance Systems of America to market software, processing, and professional services to the insurance industry. In 1982 the company was acquired by United Telecommunications, Inc. for approximately 1.7 million shares of United common stock, valued at \$36.5 million. After the acquisition United sold several of ISA's insurance software products and their associated processing services.
  - In January 1983 United merged Business Information Products (BIP), the software division of United Information Services, into ISA and changed the company name to reflect its expanding marketing emphasis on selling integrated commercial financial applications software to cross-industry sectors.
  - In September 1984 ISA sold its commercial accounting software line (the former BIP products) and operations to COMPRO Financial Services, Inc., a new company formed by a group of ISA executives.
    - Products sold as part of the transaction include: ISA General Ledger and Financial Reporting, ISA Accounts Payable and Purchase Order Tracking, ISA Accounts Receivable, ISA Fixed Assets, FORESIGHT, and MICROFORESIGHT.
    - The product line generated an estimated \$1 to \$2 million during 1984 and was supported by approximately 40 employees.
- INPUT estimates ISA's 1984 revenue from continuing operations was \$18 million, an 8% increase over 1983 estimates of \$16.5 million.

\*INPUT estimate

- ISA management estimates the company's revenue will increase 25 to 40% during 1985 due primarily to its new investment management product announcements.

## KEY PRODUCTS AND SERVICES

- ISA's 1984 revenue was derived approximately as follows:

Software products	
. Sales	36%
. Maintenance	40
. Education and training	<u>4</u>
	80%
Professional services	<u>20</u>
	100%

- Software products available from ISA are shown in the exhibit.
- Approximately 60% of ISA's 1984 revenue was derived from financial applications software and support services provided primarily to the insurance industry. The programs run on IBM and plug-compatible mainframes and include the following:
  - The ISA Accounting, Budget and Cost System (ABC) is a financial management and reporting system developed specifically for insurance companies.
    - ABC receives disbursement data from the ISA Cash Disbursement System and other financial data from other systems.
    - The system handles multi-company operations, and allocates revenue and expenses for budgeting and profitability analysis.
    - Chart of accounts, edits, cost and budget centers, organizational structure, and reports are user-defined and user-controlled.
    - ABC components include General Ledger, Budget, Cost, Suspense Accounting, and two report writers for management and statutory reporting.
  - The ISA Cash Disbursement Systems (CDS) centralizes and controls the entire disbursement process.
    - CDS edits disbursement requests, controls payments, produces checks and drafts in user-defined formats, performs check reconciliations and follows up periodically on outstanding checks for escheat purposes.

INFORMATION SYSTEMS OF AMERICA, INC.

EXHIBIT

ISA SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	CURRENT PRICES	NUMBER INSTALLED	CPU REQUIREMENTS
ISA Accounting, Budget and Cost System (ABC)	Financial Control and Reporting	\$64,500-118,500	268	IBM 370, 4300, 303X, 308X
ISA Cash Disbursement System (CDS)	Centralized Check Writing	\$50,000	160	IBM 370, 4300, 303X, 308X
ISA EXTRACTO	File Management Reporting	\$15,000-33,250	32 Standalone 550 Bundled	IBM 370, 4300, 303X, 308X
TELEXTRACTO	Report Generator	N/A	N/A	IBM 434X, 303X 308X
PRISM	Portfolio Reporting and Investment Securities Management System	\$300,000-750,000	N/A	IBM 434X, 303X, 308X
ISA On-Line Securities Control, Analysis and Reporting System (OSCARs)	Predecessor to Prism for Investment Management	\$60,000-180,000	105	IBM 370, 4300, 303X, 308X
FORETAX	Tax Planning and Compliance	\$30,000	120	IBM 370, 4300, 303X, 308X
TAX DIRECTOR	Micro Version of FORETAX	\$6,500	NEW	IBM, PC/XT

## INFORMATION SYSTEMS OF AMERICA, INC.

- Optional on-line features include data entry and editing, transaction validation, local or remote check and draft writing, and security.
- Approximately 35% of ISA's 1984 revenue was derived from investment management applications software products and associated support services.
  - Through 1984 the company's primary offering in this area was the ISA On-Line Securities Control, Analysis and Reporting System (OSCARS) that provided extended capabilities to the ISA Bond and Stock System (which is no longer actively marketed).
  - In late 1984 ISA introduced Profits Reporting and Investment Securities Management (PRISM), a new generation investment management product. PRISM runs on IBM 4300 or larger computers and includes the following components:
    - Portfolio Management and Accounting is PRISM's core module. Features include:
      - Online data entry, validation, and inquiry.
      - Cash and income projections.
      - Portfolio/securities data base.
      - Historical pricing, ratings, and dividend information.
      - Automated pricing and calculation of net asset value.
      - Automatic generations of accounting entries.
      - Online reporting, including TELEXTRACTO, a report generator.
      - Modeling and "what if" analyses.
      - Regulatory reporting.
  - The Collection Management and Control System, scheduled for availability in late 1985, expedites income processing and performs a matching function for the custodian.
  - The Securities Movement and Control System, also scheduled for availability in late 1985, will interact directly with off-site depositories and interface with the Federal Reserve Book Entry System and major custodian banks to provide total trade settlement tracking.
  - The Trading module, scheduled for availability in 1986, allows the portfolio manager to place orders in the system for execution by the trading department.
  - A Portfolio Analysis System and a separate core system for trust accounting are also under development. Availability is scheduled for 1986.

## INFORMATION SYSTEMS OF AMERICA, INC.

- ISA is developing an interface that will permit PRISM users to access the ISA Cash Disbursement System.
- ISA has limited marketing rights to COMPRO Financial Services' MICROFORESIGHT, a financial planning and modeling tool furnished for use with PRISM to perform modeling functions on an IBM PC/XT. ISA also has limited marketing rights to COMPRO's FORESIGHT financial planning and modeling product for IBM mainframes.
- Other products available from ISA include the following:
  - FORETAX, an IBM mainframe corporate tax compliance and planning system, has five subsystems for federal tax, state tax, depreciation, planning, and report writing.
  - TAX DIRECTOR, introduced in January 1985, is a microcomputer version of FORETAX that runs on the IBM PC/XT.
  - EXTRACTO, a file management reporting system, is available as a standalone product or maybe bundled with ISA ABC, or ISA CDS.
- Products no longer actively marketed by ISA include the ISA On-Line Alpha System, for alphabetical indexed records, and FOREGRAPH, a graphics package.
- Client support services provided by ISA include system maintenance, a telephone hotline, user education and training, product enhancements, and monthly ISA product newsletters. Professional services provided to clients include consulting in requirements analysis, implementation, installation, and system evaluation.

### INDUSTRY MARKETS

- ISA's fiscal 1984 revenue was derived approximately as follows:

Insurance	65%
Banking and finance	30
State government and other	<u>5</u>
	100%

### GEOGRAPHIC MARKETS

- Approximately 93% of ISA's 1984 revenue was derived from the U.S. and 7% was foreign (primarily from ongoing maintenance contracts for products sold to COMPRO during 1984).
- ISA has branch offices in New York City, Baltimore, Chicago, Glastonbury (CT), and Los Angeles.

## INFORMATION SYSTEMS OF AMERICA, INC.

### COMPUTER HARDWARE AND SOFTWARE

- ISA has a Data General NOVA, several IBM PC/XTs, and an IBM 4341 installed in Atlanta. ISA also uses United IBM 3083s installed in Kansas for software development of its mainframe products.

## COMPANY HIGHLIGHT

### INFORMATION SYSTEMS OF AMERICA, INC. (ISA)

6855 Jimmy Carter Boulevard  
Atlanta, GA 30362  
(404) 441-8800

James H. Potter, President  
Subsidiary of United  
Telecommunications, Inc.  
Total Employees: 290  
Total Revenue, Fiscal Year End  
12/31/82: \$21,000,000 (restated)\*

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### THE COMPANY

- Information Systems of America, Inc. (ISA), formerly Insurance Systems of America, was formed in 1969 to market software and services to the insurance industry. Prior to its acquisition by United, ISA was owned by a consortium of 15 insurance companies. Knowing it needed additional capital for expansion, ISA initiated the acquisition search for a buyer early in 1981.
  - An agreement was made with United in August 1981. Closure, however, was delayed until January 1982 due to needed approvals from the FCC for its ISACOMM satellite communications subsidiary.
  - ISA was acquired for 1,731,381 shares of United common stock, valued at \$36.5 million. The acquisition included a 51% voting control of ISA Communications Services, Inc. (ISACOMM). In July 1982 United increased its ownership in ISACOMM to 95% of the outstanding capital stock in exchange for 24,495 shares of United common stock, \$12.5 million in cash, and an option to purchase 500,000 shares of United common stock at \$20.00 per share. ISACOMM is now part of the United Telecom Communications Group, an organization that also markets a packet-switched communications service called UNINET.
  - After the acquisition, United sold two of ISA's products, the processing services associated with these, and ceased marketing one other application.
    - Commercial Lines, part of the Casualty Information System, was sold to Maryland Casualty. A subsidiary, Adtec, was subsequently formed to market the product.
    - ISA/V-4, also part of the Casualty Information System, was sold to Alliance Insurance Management Systems, Inc., a subsidiary of Farmers Alliance Mutual Insurance Company.
    - The Health Claim Management System was dropped from the ISA product line.

\*INPUT estimate

## INFORMATION SYSTEMS OF AMERICA, INC.

- In 1982 ISA was part of the United Telecom Computer Group, an organization which also contained United Information Services and Megatek Corporation. ISA now operates as a separate subsidiary. The Group name is no longer being used.
- In January 1983 United merged Business Information Products (BIP), the software division of United Information Services, into ISA and changed the company name to reflect its expanded marketing emphasis on selling integrated financial applications software to cross-industry sectors.
- United originally reported ISA's 1982 revenue at \$16.2 million, down \$7.9 million from 1981 revenue of \$24.1 million. The decline was attributed to the divestiture of the products previously mentioned. Restated revenue for 1982, including the BIP products, is estimated by INPUT at \$21 million.
- ISA's 290 employees are segmented as follows:

Marketing/sales	53
Software support and development	151
Professional services	48
General and administrative	29
Corporate	<u>9</u>
	290

- Now that ISA is concentrating on marketing cross-industry financial applications software, its major competitors are Management Science America, D&B's McCormack & Dodge, Informatics, EPS Inc., EXECUCOM, and GEISCO's Software International.

### KEY PRODUCTS AND SERVICES

- An approximate distribution of ISA's 1982 revenue is:

Software products	
• Sales	36%
• Maintenance	27
• Education and training	<u>3</u>
Subtotal	66%
Professional services	<u>34</u>
Total	100%

- A list of the software products marketed by ISA is presented in the exhibit. With the exception of EXTRACTO, On-Line Alpha, and FOREGRAPH, all products are financial in function.



INFORMATION SYSTEMS OF AMERICA, INC.

EXHIBIT  
ISA SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	CURRENT PRICES	NUMBER INSTALLED	CPU REQUIREMENTS
ISA Accounting, Budget and Cost System (ABC)	Financial Control and Reporting	\$64,500-118,500	260	IBM 360, 370, 4300, 303X.
ISA Cash Disbursement System (CDS)	Centralized Check Writing	\$49,500	150	IBM 360, 370, 4300, 303X.
ISA EXTRACTO	File Management Reporting	\$15,000-33,250	32 standalone 550 bundled	IBM 360, 370, 4300, 303X.
ISA General Ledger and Financial Reporting	General Ledger	\$80,000 mainframe \$40,000 mini	410	IBM 370, 4300, 303X, HP 3000, Prime 500+.
ISA Accounts Payable and Purchase Order Tracking	Accounts Payable	\$40,000 mainframe \$25,000 mini	400	IBM 370, 4300, 303X, HP 3000, Prime 500+.
ISA Accounts Receivable	Accounts Receivable	\$30,000 mainframe \$25,000 mini	160	IBM 370, 4300, 303X, HP 3000, Prime 500+.
ISA Fixed Assets	Fixed Assets	\$20,000 mainframe \$15,000 mini	220	IBM 370, 4300, 303X, HP 3000, Prime 500+.
ISA Bond and Stock System	Investment Accounting	\$35,000	155	IBM 360, 370, 4300, 303X.
ISA On-Line Securities Control, Analysis and Reporting System (OSCARs)	Investment Management	\$60,000-180,000	82	IBM 360, 370, 4300, 303X.
ISA On-Line Alpha System	Alphabetical Indexed Records	\$19,500	94	IBM 360, 370, 4300, 303X.
FORESIGHT	Financial Planning and Modeling	\$55,000	950-1,000 sites	IBM 360, 370, 4300, 303X, and compatible, DEC VAX-11/780, HP 3000, Prime 400-750.
FOREGRAPH	Graphics	\$5,000	13	IBM 360, 370, 303X, Prime 400-750.
FORETAX	Tax Planning and Compliance	\$30,000	120	IBM 360, 370, 4300, 303X, and compatible, Prime 400-750.
MICROFORESIGHT	Financial Planning and Modeling	\$2,000	New	IBM PC and PC/XT, COMPAQ (DOS).

- Most of the ISA software products operate in batch mode with on-line functions for input, display, and editing. The financials (general ledger, accounts receivable, accounts payable, and fixed assets) are integrated. An interface between FORESIGHT (financial planning) and General Ledger is provided.
- Leading revenue products in 1982 were OSCARS (on-line securities), ABC (budget and costing), and CDS (cash disbursement).
- ISA's Accounting, Budget and Cost System (ABC) and the Bond and Stock System are primarily sold to insurance companies. All other products have cross industry application.
- MICROFORESIGHT, a financial planning and modeling system, is new and is ISA's first product for the personal computer market. The \$2,000 per copy price applies if ordered as an add-on to the mainframe version of FORESIGHT or in quantities of 10 or more for standalone use. Other multiple copy discounts are available.
- All professional services and educational revenue are derived from product enhancements, consulting, and training for clients of ISA's software products.

#### INDUSTRY MARKETS

- Although ISA's 1982 industry revenue still shows a high concentration of sales to the insurance industry, this is expected to decline as new marketing efforts to other industry segments become effective.

Insurance	65%
Manufacturing	15
Banking and finance	10
Distribution	<u>10</u>
	100%

#### GEOGRAPHIC MARKETS

- Ninety-three percent of ISA's 1982 revenue was derived from the U.S. and 7% was foreign. U.S. sales are handled by a direct sales staff. Nine international agents market ISA products overseas.
- Sales offices are maintained in nine U.S. cities. Product support and development is performed from BIP's original location in San Diego.
- U.S. sales offices are located in New York City, Los Angeles, San Francisco, Atlanta, Baltimore, Cleveland, Chicago, Hartford, and Houston. ISA also has a sales office in Toronto.

**COMPUTER HARDWARE AND SOFTWARE**

- ISA has a Data General NOVA, several IBM PC/XTs, an IBM 4341, and Prime computers installed in Atlanta. ISA also uses United's IBM 3083s installed in Kansas for software development of the mainframe products.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program

July 1997

## Informix Software

### Corporate Headquarters

4100 Bohannon Drive  
Menlo Park, CA 94025

Phone: (415) 926-6300

Fax: (415) 926-6593

Internet: <http://www.informix.com>

### Informix House

Littleton Road  
Ashford, Middlesex  
England TW15 1TZ

Phone: 44 1784 42 2000

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Chairman, President, & CEO:	Robert Finocchio
Status:	Public
Employees:	4,190 (7/97)
Revenue:	\$939,311,000
Fiscal Year End:	12/31/96

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### Key Points

- Informix Corporation provides database technology to build, deploy, run, and evolve applications.
- In July 1997, Robert Finocchio was appointed to the position of President and CEO, replacing Phillip White. Mr. Finocchio subsequently replaced Mr. White as Chairman of the Board when Mr. White resigned the position.

- Phillip White was replaced primarily due to the \$140 million loss suffered during Informix's first quarter of 1997.
- Prior to the appointment, Mr. Finocchio was president of 3Com Corporation's Systems division.
- In July 1997, Informix announced the availability of INFORMIX®-Data Director™, a model-driven data management platform for Visual Basic developers.
- In July 1997, the company outlined plans for a targeted Windows NT strategy to bring Windows NT into the enterprise running on Intel Architecture servers.

- In June, 1997, Informix and EDS signed a strategic worldwide agreement for joint development and marketing activities on industry-specific solutions and services offerings based on Informix products.
- In May 1997, Informix announced a new organizational structure focused around market and technology teams.
- In May 1997, the company also announced a number of initiatives to change its sales and marketing organizations in order to improve customer focus and eliminate duplication.
- In May 1997, Informix established a technical competency center at The Baan Company's facilities in The Barneveld (the Netherlands). The center, part of Informix's Baan Business Unit, will be staffed jointly by Baan and Informix and will provide performance engineering, product enhancements, customer benchmarks, and technical sales support.
- In March 1997, the company announced its Universal Tools strategy to enable developers using tools from industry-leading vendors to use INFORMIX-Data Director to easily build high performance, extensible applications for INFORMIX-Universal Server.
- In February 1997, Informix announced an agreement to acquire CenterView Software, Inc., a provider of software that enables database application development.
- In November 1996, the company announced its new line of business dedicated to the government marketplace. This new program, headed by Grant Osasa, expands Informix's focus on the federal government to include state and local markets.
- In November 1996, Informix formed a new business development unit to focus

specifically on PeopleSoft, one of Informix's key client/server applications partners. The unit will concentrate on joint development activities and will also focus on increasing market presence for the Informix/PeopleSoft solution globally.

- In February 1996, Informix acquired Illustra Information Technologies, Inc., a supplier of dynamic content management database software and tools.

### **Company Description**

Informix Software (Informix), the operating subsidiary of Informix Corporation founded in 1980 by Roger Sippl and Laura King, designs, develops, manufactures, markets, and supports distributed database management systems and object-oriented graphical- and character-based applications development tools for delivering information to most significant desktop platforms.

In 1996, the company announced its commitment to the enterprise computing marketplace and the NT-based, desktop, and medium systems reseller market. The company also offers training, consulting, and maintenance services to its customers.

### **Structure and Operations**

Informix is currently undergoing certain restructuring and organizational changes to improve operations, build financial stability, and more clearly articulated its market position and strategy:

- During the second quarter of 1997, the company reduced its workforce by approximately 440 employees, and has plans to further reduce personnel in the third quarter. Reduction are expected to be approximately 10 to 15 percent of the company's existing workforce, with the primary reduction being in sales and marketing.

- European and U.S. administrative and finance functions, technical support, and operations will be centralized for better control and cost-effectiveness.
- Informix's Information Superstores will be resized, repositioned, and renamed, becoming part of the company's consulting practice business.

In May 1997, Informix announced a new organizational structure focused on market and technology teams. Informix's new business units are as follows:

- DataBlade Developers, headed by Tony Rodoni
- Data Warehousing, under the direction Tony Rodoni
- Internet/intranet, under the direction of John Bartlett
- Workgroup Solutions, headed by Brett Bachman

The company's key corporate executives are listed below:

Exhibit 1

### Informix Software Key Executives

Name	Title
Robert J. Finocchio	Chairman, CEO, & President
Mike Saranga	Sr. VP, Product Management and Development
Paula Hawthorn	VP, Tools Development
Stephen E. Hill	VP, Advanced Technology
Michael Stonebraker	VP and CTO
Jeffrey V. Hudson	VP, Business Development
Kay Hart	VP, Corporate Communications
Tony Rodoni	GM, Data Warehouse Business Development Unit
Brett Bachman	GM, Enterprise Products

Source: Informix Software

In May 1997, the company announced a number of initiatives to change its sales and marketing organizations, intended to improve customer focus and eliminate duplication.

- Jeff Hudson, heading Worldwide Marketing, is responsible for increasing the company's global position and image.
- Jeff Hudson, heading Business Development and Product Marketing, is leading business development in key market areas and determines the direction and scope of the company's product plans.

Informix now sells its products through four internal sales organizations—The Americas; Europe, Africa, Middle East and Asia/Pacific; Japan; and Federal.

- The Americas sales organization, led by Ron Alvarez and headquartered in California, has sales offices in the U.S., Canada, Mexico, and Brazil and uses independent distributors to sell products throughout North and South America. Reporting to Ron Alvarez are:

- The Vice President, U.S. Sales, responsible for sales in the U.S., with a specific concentration on Fortune 100 accounts
- Don Hunt, Vice President of Eastern Sales, responsible for sales offices based in Florida, Georgia, Massachusetts, Maryland, New Jersey, and New York
- The Vice President of the Americas lines of business, sales, and marketing, with responsibility for industry marketing and sales to telecom, and industry marketing to the finance, manufacturing, and retail lines of business

- The Europe, Africa, Middle East, and Asia/Pacific sales organization, headed by Jeff Hudson, has sales offices in 15 European countries and uses independent distributors to sell products throughout the rest of Europe, the Middle East, and Africa.
- The Japan sales organization, headquartered in Tokyo and led by Ed Winder, has sales offices in 10 countries and also uses independent distributors to sell products.
- The Federal sales organization, headed by Grant Osasa

Informix has U.S. regional offices in Albuquerque (NM), Atlanta (GA), Austin (TX), Bentonville (AR), Boston (MA), Brisbane (CA), Chicago (IL), Cincinnati (OH), Dallas (TX), Denver (CO), Detroit (MI), Downers Grove (IL), Houston (TX), Indianapolis (IN), Irvine (CA), Lenexa (KS), Los Angeles (CA), Menlo Park (CA), Minneapolis (MN), New York (NY), Phoenix (AR), Pittsburgh (PA), Portland (OR), Rockville (MD), Sacramento (CA), Salt Lake City (UT), Sarasota (FL), Seattle (WA), Somerset (NJ), St. Louis (MO), Tampa Bay (FL), and Washington (D.C.)

International offices are in Argentina, Australia, Austria, Belgium, Brazil, Canada, the Czech Republic, France, Germany, Hong Kong, Ireland, Italy, Japan, the Republic of Korea, Malaysia, Mexico, the Netherlands, New Zealand, Norway, the People's Republic of China, Philippines, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, and the U.K.

### Employees

As of December 31, 1996, Informix Corporation had 4,491 employees, segmented as follows:

Sales, marketing, and support.....	2,939
Research and development .....	967
Operations .....	89
Administration and finance .....	<u>496</u>
	4,491

As of July 1, 1997, the company had approximately 4,190 employees worldwide.

### Company Strategy

Informix's primary strategy is to address customer needs through core product technology that delivers real-world solutions. The goal is to deliver the right technology to customers worldwide, through the company's own direct sales efforts as well as distribution channels and strategic partnerships.

### Market Strategy

Informix has a multiple-channel distribution strategy to maintain broad market coverage and product availability. The company combines its direct sales efforts with a number of partnerships and alliances with OEMs and other resellers to deliver the right combination of hardware, software, and service to its customers. The company employs a user-based pricing that ties prices of products directly to the value customers derive from using Informix software.

### Product Strategy

Informix believes in making strategic investments in leading technology companies in an effort to complement its own product development strategies. Informix's product strategies are focused on two key areas:

- Continuing the Dynamic Scalable Architecture™ (DSA) database technology launch by working on new releases of the OnLine Dynamic Server
- Bringing to market the next-generation database application tools with the release



of the new object-oriented application development technology

- In March 1997, the company introduced INFORMIX-Data Director and announced the company's Universal Tools strategy. The Universal Tools strategy will enable developers working on open development environments to use INFORMIX-Data Director to easily build high performance, extensible applications for INFORMIX-Universal Server. Components of the Universal Tools Strategy include:
  - INFORMIX-Data Director, the company's plug in modules, provide developers using leading development environments the ability to easily develop distributed client/server applications for Informix's family of databases.
  - Enhancements for INFORMIX-New Era™, the company's object-oriented client/server development tools, to provide easy development of INFORMIX-Universal Server applications
  - New capabilities that will enable customers to enhance their existing Informix-4GL applications.

## Acquisitions

In February 1997, Informix announced an agreement to acquire CenterView Software, Inc., a provider of database application development software.

- At the time of the acquisition, CenterView had 13 employees who were relocated to Informix's Menlo Park (CA) development facility.
- According to the terms of the agreement, Informix purchased 100 percent of CenterView's outstanding stock in a cash

transaction that was accounted for as a purchase business combination.

- In connection with the acquisition, Informix wrote off approximately \$7 million of in-process R&D during the first quarter of 1997.

In February 1996, Informix acquired Oakland (CA)-based Illustra Information Technologies, Inc., an object-relational database supplier.

- Informix issued approximately 12.6 million shares of common stock to acquire all outstanding shares of Illustra. An additional 2.4 million shares of Informix stock were reserved for issuance in connection with the assumption of Illustra's outstanding stock options. The acquisition was accounted for as a tax-free pooling of interest.
- Illustra supplies dynamic content management database software and tools for managing complex data in the Internet, multimedia/entertainment, financial services, earth sciences, and other markets.
- Included in the acquisition was Illustra's DataBlade management system modules which Informix has since integrated into its own Dynamic Scalable Architecture, Informix's core parallel database technology.
- Illustra has become a wholly owned subsidiary of Informix Corporation.

## Financials

Total 1996 revenue reached \$939.3 million, a 32% increase over 1995 revenue of \$714.2 million. Net income remained constant, with \$97.8 million in 1996 compared to \$97.6 million in 1995.

A five-year financial summary is shown in Exhibit 2.

**Informix Software  
Five-Year Financial Summary  
(\$ Millions, except per-share data)\***

Item	Fiscal Year				
	1996	1995	1994	1993	1992
Revenue	\$939.3	\$714.2	\$470.1	\$353.1	\$283.6
• Percent change from previous year	32%	52%	33%	25%	58%
Income before taxes	\$148.2	\$152.8	N/A	N/A	\$61.7
• Percent change from previous year	(6%)	N/A	N/A	N/A	360%
Net income	\$97.8(a)	\$97.6	\$61.9	\$55.0	\$47.8
• Percent change from previous year	-----	58%	13%	15%	279%
Earnings (loss) per share (b)	\$0.63	\$0.65	\$0.43	\$0.40	\$0.38
• Percent change from previous year	(3%)	51%	8%	5%	252%

\* Data prior to 1995 has been restated to reflect the acquisition of Illustra Information Technologies, Inc. from its inception date of July 31, 1992.

(a) Includes Illustra merger expenses of \$5.9 million.

(b) Per-share data restated to reflect a two-for-one stock split which was effective June 26, 1995.

Research and development expenditures were approximately \$120.2 million (13% of revenue) in 1996, compared to \$85.6 million (12% of revenue) in 1993 and \$60.4 million (13% of revenue) in 1994.

#### *Interim Results*

Revenue for the six months ending June 29, 1997 was \$298.4 million, a decrease of 31% from revenue of \$430.3 million during the same period in 1996. Net losses for the period were \$282.7 million, compared to net income of \$37.5 million during the same period the previous year. Losses included one-time charges of \$7.0 million related to the acquisition of CenterView Software and \$30.5 million related to the write-off of goodwill and other long-term assets.

- North American revenue was \$148.0 million for the period, compared to \$174.4 million during the same period in 1996.
- European revenue was \$85.8 million, compared to \$173.9 million the previous year.
- Intercontinental revenue was \$64.6 million for the period, compared to \$82.0 million during the same period in 1996.

#### **Revenue Analysis by Product/Service**

Approximately 75% of Informix's 1996 revenue was derived from licensing fees for its software and 25% from its services. In 1996, database servers, connectivity, and tools products accounted for substantially all Informix's license revenue. A three-year summary of source of revenue is shown in Exhibit 3.

## Exhibit 3

**Informix Software**  
**Three-Year Source of Revenue Summary**  
 (\$ Millions)

Products/Services	Fiscal Year					
	1996		1995		1994	
	Revenue \$	Percent of total	Revenue \$	Percent of total	Revenue \$	Percent of total
License fees	\$708.0	75%	\$539.7	76%	\$363.8	78%
Services	231.3	25%	174.5	24%	104.9	22%
Total	\$939.3	100%	\$714.2	100%	\$468.7	100%

Source: Informix Software

License revenue growth in 1996 is attributed to strong demand for Informix's server products, especially the INFORMIX-OnLine Dynamic Server™. Revenue from the company's database tool products fell from 1995 to 1996 due to competition and an increase in sales to resellers, which have traditionally concentrated on purchases of database server products.

Service revenue reflected continued growth of the company's installed customer base and resulting renewal of maintenance contracts and increased consulting revenue.

### Market Financials

Informix's customers consist primarily of users, computer original equipment manufacturers (OEMs), value-added resellers (VARs), systems integrators, distributors, and dealers. The company markets its products directly to users through its sales force and indirectly to users through OEMs, VARs, distributors, dealers, and systems integrators.

Major market sectors served include: finance, manufacturing/supply chain, retail, telecommunications, travel, health care, insurance, energy, media, transportation, and government. Exhibit 4 shows INPUT's estimate of Informix's revenue by market.

## Exhibit 4

**Informix Software**  
**Revenue by Market Sector**

Market Sector	Percent of Total
Banking & Finance	19%
Discrete Manufacturing	12%
Government	10%
Insurance	10%
Process Manufacturing	9%
Retail Distribution	8%
Telecommunications	7%
Health Care	6%
Transportation	5%
Utilities	5%
Other	9%
Total	100%

Source: INPUT estimates

## Geographic Markets

In 1996, approximately 58% of Informix's net revenue was derived from sales to foreign customers, compared to 58% in 1995 and 54% in 1994.

Informix's distribution markets are organized into three general markets—North America, Europe (including Middle East and Africa), and the Intercontinental Group (including Latin America, Japan, and the Asia/Pacific

region). In 1996, approximately 42% (\$392.1 million) of Informix's 1996 revenue was derived from North America, 39% (\$369.5 million) from Europe, and 19% (\$177.7 million) from the Intercontinental region.

Exhibit 5 displays a three-year geographic source of revenue summary.

Exhibit 6 provides INPUT's estimate of Informix's revenue for European country markets.

Exhibit 5

**Informix Software**  
**Three-Year Geographic Source of Revenue Summary**  
 (\$ Millions)

Geographic Market	Fiscal Year		
	1996	1995	1994
North America	42%	42%	46%
Europe	39%	38%	38%
Intercontinental	19%	20%	16%
Total	100%	100%	100%

*Source: Informix Software*

Exhibit 6

**Informix Software**  
**Revenue by European Country**

Country	Percent of Total
U.K.	32%
Germany	28%
France	12%
Italy	7%
Switzerland	5%
Netherlands	4%
Spain	3%
Sweden	2%
Rest of Europe	7%
Total	100%

*Source: INPUT estimates*

## Key Products and Services

Informix's product offerings include database servers and application development tools for creating client/server on-line transaction processing (OLTP) production applications, decision support systems, and ad-hoc query interfaces and connectivity software.

The company's current software product offerings are summarized in Exhibits A, B, C, and D.

### Database Servers

The following is a list of Informix's principal server products:

- **INFORMIX-Universal Server**, released in December 1996, is an object relational database server based on Informix's Dynamic Scalable Architecture. INFORMIX-Universal Server allows customers to manage traditional data types alongside new kinds of data, such as audio, video, text, and images, through the use of DataBlade® modules.

- DataBlade® modules are reusable, plug-in object extensions that provide data storage and management functionality for non-traditional data types.

- DataBlade modules available from Informix include: INFORMIX-Spatial, INFORMIX-TimeSeries, INFORMIX-Video Foundation, and INFORMIX-Web.

- **INFORMIX-OnLine Workgroup Server** is a database management system designed specifically for workgroups. This product is based on the Company's Dynamic Scalable Architecture and comes bundled with Netscape FastTrack Server. It became available in the third quarter of 1996.
- **INFORMIX-OnLine Extended Parallel Server** is a high-performance, scalable database server designed to support large database environments for OLTP, data warehousing, imaging, document management, and workflow database applications.
- **INFORMIX-OnLine Dynamic Server** is a multithreaded parallel database server for managing larger, more complex business-critical databases.

#### *Connectivity Products*

Key connectivity products offerings include:

- **INFORMIX-Universal Web Connect™** is a tool that provides high performance

connectivity between Web servers and databases.

- **INFORMIX-Enterprise Gateway™**, introduced in January 1995, gives users SQL and Remote Procedure Call (RPC) access to over 60 relational and non-relational database management systems and file structures residing on more than 35 hardware platforms and operating systems.
- **INFORMIX-Enterprise Gateway Manager™**, a connectivity tool allowing applications running on UNIX, Microsoft Windows, or Windows 95 to access data sources via loadable gateway drivers. Informix offers gateway drivers for Oracle and Sybase databases.
- **INFORMIX-Enterprise Gateway for EDA/SQL** allows tools and applications running on UNIX and Microsoft Windows to access data located anywhere on the enterprise.
- **INFORMIX-Enterprise Gateway with DRDA** is a UNIX-based connectivity tool allowing interoperability to IBM databases such as DB2, DB2/VM, and DB2/400 from Windows and UNIX clients. INFORMIX-Gateway with DRDA allows applications built with Informix application development tools to access and modify information in Distributed Relational Database Architecture™-compliant database management systems.
- **INFORMIX-ESQL** for C and COBOL, embedded SQL products permit developers to take advantage of SQL technology while building applications in C or COBOL.
- **INFORMIX-CLI** is a library of low-level functions that provide high-performance direct access to Informix databases from applications built in C or other third-

generation languages. INFORMIX-CLI is compliant with Microsoft's ODBC specifications.

### *Enduser Information Access Tools*

End-user access tools include:

- **INFORMIX-NewEra ViewPoint™**—  
Graphical database access tool designed to provide the user easy access to the database.

### *Application Development Tools*

Informix database tools include the following:

INFORMIX-Data Director plug-in modules, providing developers that use leading development environments with model-driven, drag-and-drop functionality, the ability to easily develop scalable, distributed client/server applications for Informix's family of databases. Data Director is a model-driven data management platform supported by leading companies including Microsoft, Symantec, JavaSoft, Powersoft, Forte, and Seagate Software.

- **INFORMIX-Data Director™ for Visual Basic** is a model-driven data access and data management platform that enables application developers to rapidly prototype, build, and extend workgroup and enterprise applications.
  - **INFORMIX-Data Director for Visual Basic** initially supports **INFORMIX-OnLine Workstation**, **INFORMIX-OnLine Workgroup Server**, and **INFORMIX-OnLine Dynamic Server**.
  - The **INFORMIX-Data Director** option is priced at \$200 per user, or \$6,000 per CPU in an Internet environment, and is added on to the customer's **INFORMIX-OnLine database server license**.
- **INFORMIX-Data Director™ for Java** is a Java development component enabling developers to build database-aware Java applets for Informix's family of database servers.
- **INFORMIX-NewEra™** is a graphical, object-oriented development environment designed for creating enterprise-wide multitier client/server database applications.
  - **INFORMIX-NewEra** features a fourth-generation object-oriented programming language, reusable class libraries, application partitioning, and flexible application deployment, and supports open connectivity to Informix and non-Informix databases.
  - **INFORMIX-NewEra** is currently available for Microsoft Windows and OSF Motif™.
- **INFORMIX-NewEra™ Pro** is a suite of graphical development and database administration tools for the creation of small- to mid-range database applications.
- **INFORMIX-Mobile**, using **INFORMIX-NewEra** applications, is a message-based system for remote access to standard LAN-based applications such as e-mail and fax and sales force automation.
- **INFORMIX-4GL product family**—A comprehensive fourth-generation application development and production environment that provides power and flexibility to application development needs. The **INFORMIX-4GL product family** is comprised of three core products: **INFORMIX-4GL Compiled**, **INFORMIX-4GL Rapid Development System** and **INFORMIX-4GL Interactive Debugger**.



- **INFORMIX-MetaCube™**—An on-line analytical processing engine that automatically preconsolidates data and provides a multidimensional view of data. The INFORMIX-MetaCube product family also includes:

- MetaCube Analysis Engine, an ROLAP engine that provides the backbone for high-performance data warehouse applications
- MetaCube Explorer, an ad-hoc decision support tool for end users
- MetaCube Warehouse Manager, a graphical tool for administering the "metadata"
- MetaCube Warehouse Optimizer to improve query performance and overall usability of the data warehouse
- MetaCube Scheduler for batch processing
- MetaCube QueryBack for running queries in the background
- MetaCube Aggregator for creating and maintaining aggregates in a data warehouse
- MetaCube for Excel, which enables data warehouse analysis in an Excel spreadsheet environment

- MetaCube for the Web, which brings MetaCube analysis capabilities to intranets

### *Third-Party Development Tools*

Informix has over 200 Informix InSync partners that offer a variety of products that expand the capabilities of the Informix application development environment in the following categories:

- Analysis and design
- Connectivity and APIs
- Database administration tools
- Development languages
- Form painters and code generators
- Imaging tools
- Lifecycle management
- Office automation
- Publishing
- Report writers and query tools
- Specialty tools
- Statistical analysis
- Windows end-user tools
- Windows application development tools

## Informix Software Products

Exhibit A

### Database Servers

<ul style="list-style-type: none"> <li>• INFORMIX®-Universal Server</li> <li>• DataBlade® Modules</li> <li>• INFORMIX-OnLine Dynamic Server™</li> <li>• INFORMIX-OnLine Workgroup Server</li> <li>• INFORMIX-OnLine Extended Parallel Server (OnLine XPS)</li> <li>• INFORMIX-OnLine/Secure Dynamic Server™</li> <li>• INFORMIX-OnLine</li> <li>• INFORMIX-OnLine/Secure</li> <li>• INFORMIX-OnLine/Optical</li> <li>• INFORMIX-OnLine Workstation</li> <li>• INFORMIX-SE</li> <li>• C-ISAM®</li> </ul>	<ul style="list-style-type: none"> <li>• Object relational database server</li> <li>• Plug-in object extensions for non-traditional datatypes</li> <li>• Next-generation parallel processing database server</li> <li>• Database management system</li> <li>• Scalable database server</li> <li>• Has added features for multilevel secure applications</li> <li>• High-performance OLTP database server</li> <li>• Has added features for multilevel secure applications</li> <li>• Allows optical disk systems to store binary large objects</li> <li>• Single-user platform for development of workgroup applications</li> <li>• SQL-based database engine for smaller applications</li> <li>• Library of C functions</li> </ul>
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Exhibit B

### End-User Access Tools

<ul style="list-style-type: none"> <li>• INFORMIX-NewEra ViewPoint</li> </ul>	<ul style="list-style-type: none"> <li>• Enables users to create their own decision-support applications</li> </ul>
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Exhibit C

**Connectivity Products**

<ul style="list-style-type: none"><li>• INFORMIX-Enterprise Gateway™ Manager</li><li>• INFORMIX-Enterprise Gateway for EDA/SQL</li><li>• INFORMIX-ESQL for C and COBOL</li><li>• INFORMIX-CLI</li><li>• INFORMIX-Universal Web Connect</li><li>• INFORMIX-NET</li><li>• INFORMIX-Gateway with DRDA</li><li>• INFORMIX-TP/XA</li><li>• INFORMIX-DCE/NET</li></ul>	<ul style="list-style-type: none"><li>• Connectivity tool for UNIX, Microsoft Windows, or Windows 95 applications</li><li>• Allows tools and applications running on UNIX and Microsoft Windows to access data anywhere on the enterprise</li><li>• Embedded SQL products</li><li>• Library of low-level functions</li><li>• Tool that provides high-performance connectivity between Web servers and databases</li><li>• Allows Informix database applications to be implemented with client/server architecture</li><li>• Integrates IBM relational databases with Informix applications on open systems</li><li>• Links INFORMIX-OnLine to X/Open XA</li><li>• Provides distributed computing services</li></ul>
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Exhibit D

**Application Development Tools**

<ul style="list-style-type: none"> <li>• INFORMIX-NewEra</li> <li>• INFORMIX-NewEra ViewPoint Pro</li> <li>• INFORMIX®-Data Director™ for Visual Basic</li> <li>• INFORMIX-Data Director for Java</li> <li>• INFORMIX-MetaCube™ Product Suite</li> <li>- MetaCube Analysis Engine</li> <li>- MetaCube Explorer</li> <li>- MetaCube Warehouse Manager</li> <li>- MetaCube Warehouse Optimizer</li> <li>- MetaCube Scheduler</li> <li>- MetaCube QueryBack</li> <li>- MetaCube Aggregator</li> <li>- MetaCube for Excel</li> <li>- MetaCube for the Web</li> <li>• INFORMIX-4GL</li> <li>• INFORMIX-4GL Rapid Development System (RDS)</li> <li>• INFORMIX-4GL Interactive Debugger</li> <li>• INFORMIX-4GL Compiled</li> <li>• INFORMIX-4GL Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Next-generation client/server environment</li> <li>• Graphical tools for small/mid-range applications</li> <li>• Model-driven data access and data management platform</li> <li>• Java development component</li> <li>• Family of decision-support software for large-scale data warehouses</li> </ul> <p>A ROLAP engine that provides the backbone for high-performance data warehouse applications</p> <p>An ad hoc decision support tool for end users</p> <p>A graphical tool for administering the "metadata"</p> <p>For improved query performance and overall usability of the data warehouse</p> <p>For batch processing</p> <p>For running queries in the background</p> <p>For creating and maintaining aggregates in a data warehouse</p> <p>Enables data warehouse analysis in an Excel spreadsheet</p> <p>Analysis capabilities for intranets</p> <ul style="list-style-type: none"> <li>• Fourth-generation programming language</li> <li>• Fourth-generation language with pseudo-code system</li> <li>• Works with Rapid Development System to provide windowed environment for interactive debugging</li> <li>• 4GL compiler</li> <li>• Code generator and form painter for data applications</li> </ul>
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Cont.

Exhibit D (cont.)

**Application Development Tools (cont.)**

<ul style="list-style-type: none"> <li>• INFORMIX-Menus</li> <li>• INFORMIX-4GL/GX</li> <li>• INFORMIX-4GL/RF</li> <li>• INFORMIX-TP/Toolkit</li> <li>• INFORMIX-HyperScript Tools</li> <li>• INFORMIX-SQL</li> <li>• INFORMIX-ESQL/C</li> <li>• INFORMIX-ESQL/COBOL</li> <li>• INFORMIX-Ada/SAME</li> </ul>	<ul style="list-style-type: none"> <li>• Creates menus that can access other submenus, programs</li> <li>• Works with 4GL RDS to run character-based applications in graphical environments</li> <li>• Allows recompilation of INFORMIX-4GL RDS applications to run over radio frequency network</li> <li>• Allows INFORMIX-4GL applications to run in conjunction with a transaction manager</li> <li>• Visual programming environment used to create applications in Windows, UNIX, and Macintosh</li> <li>• Menu-driven SQL RDBMS for UNIX and DOS</li> <li>• Interface to INFORMIX-SQL database for C programmers</li> <li>• Interface to INFORMIX-SQL databases for COBOL users</li> <li>• SQL module language compiler</li> </ul>
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***Maintenance, Consulting, and Services***

Informix offers two levels of software maintenance:

- Standard maintenance includes regular product updates, unlimited telephone support, and Tech Notes (a quarterly publication from Informix to help customers with troubleshooting).
- Regency Support offers a higher level of service to customers with complex, on-line transaction-processing-based applications. Through Regency Support, customers have access to a dedicated engineer who is

familiar with the application and to an on-line bulletin board.

Informix's Professional Services organization provides software clients with the following services:

- Consulting services support the analysis, design, implementation, and production phases of database applications.
- Training courses cover every product offered by Informix and are tailored to specific skill levels/job functions. The courses are available at Informix Training Centers in cities across the U.S.

**Clients**

Informix's major clients include Visa International, United Airlines, Holiday Inn, Great Britain's Royal Air Force, Tops Appliance City, Sears Merchandise Group, GTE Telephone Operations (GTE), Freeport-McMoRan Inc., American Automobile Association (AAA), Home Depot, Wal-Mart Stores, American Express Travel-Related Services, Cray Systems, Kuwait Petroleum, Occidental Chemical Corp., Carrefour, American International Airways, Hussmann Corp., Swiss Life, and the United Kingdom's Royal Navy.

**Marketing and Sales**

In the U.S., Europe, and Latin America, the company distributes its products through direct user licensing, OEMs, VARs addressing specific markets, systems integrators, distributors, and dealers.

In other foreign countries, the company licenses its products to users primarily through VARs, distributors, and OEMs.

In an attempt to maintain broad market coverage and product availability, the company has chosen a multiple-channel distribution strategy. Discount policies and reseller licensing programs are designed to support each channel of distribution.

Informix has four separate internal sales organizations:

- The Americas sales organization, with approximately 1,549 employees as of December 31, 1996, has sales offices in major cities throughout the U.S., Canada, Mexico, and Brazil.
- The Europe, Middle East, Africa, Asia/Pacific sales organization, with approximately 1,291 employees as of

December 31, 1996, has sales offices in 15 European countries.

- The Japan sales organization, had approximately 99 employees as of December 31, 1996.
- The Federal sales organization

**Alliances**

Informix has established relationships with OEMs, including Amdahl, Compaq, Dell, Digital, Hewlett-Packard, Intel, NCR, NEC, Siemens Nixdorf Informationsystems, and Tandem. The company also has established relationships with SAP, Baan, PeopleSoft, Lawson Software, Silicon Graphics, Netscape, Sun Microsystems, Virtual Solutions, Saba, Forte, and Seagate.

The Informix Solutions Alliance program encompasses a variety of technology partners, and is segmented into four groups:

- **Software Application Partners**—More than 4,000 application solutions providers, including Netscape, PeopleSoft, and SAP, provide solutions to the retail, telecommunications, insurance, banking and financial services, hospitality, entertainment, supply chain, and health care industries.
- **Service Partners**—Includes consulting and systems integration partners
- **Software Tools Partners**—Partnerships with companies such as Baan offering many database development solutions.
- **Hardware and Operating Systems Partners**

A sampling of Informix's recent alliances include the following:

In June, 1997, Informix and EDS signed a strategic worldwide agreement to leverage each others' products and services in an agreement to jointly identify and pursue new business opportunities for Informix's relational and object-relational database technologies. The companies will work on joint development and marketing activities on industry-specific solutions and services offerings based on Informix products.

- Informix will become a preferred EDS database vendor enabling EDS to recommend the use of Informix products to EDS customers.
- EDS will purchase Informix's products for internal use and will become a preferred integration consulting provider of a number of Informix's internal and external projects.
- Informix will also outsource the operation of its Lenexa (KS)-based TeleBusiness Call Center to EDS.
- EDS will become a key participant in the Informix information Superstores.

In April 1997, Informix and Symantec Corporation, a provider of Java development environments, entered into a strategic alliance to develop and market solutions enabling developers to rapidly create and deploy next-generation enterprise Java applications.

- According to the terms of the agreement, both companies will integrate and market each other's leading products to professional Web and enterprise Java developers worldwide.

- Informix has adopted Symantec Visual Cafe Pro as the premier Java development tool for Informix OnLine and INFORMIX-Universal Server databases. Symantec has adopted INFORMIX-Universal Server as its premier database solution, and will replace Sybase SQL Anywhere, bundling INFORMIX-Universal Server with future versions of Symantec Visual Cafe Pro.

Informix and PeopleSoft have an established partnership whereby the two companies combine Informix's database servers with PeopleSoft's financial, human resource, and manufacturing applications.

- In November 1996, Informix formed a new PeopleSoft business development unit focused on joint development activities and increasing market presence for the Informix/PeopleSoft solution globally.
- Customers of the Informix/PeopleSoft solution include Barnes & Noble, Budget Rent-a-Car, The Gap, Home Depot, and PepsiCo.

Informix and SAP recently celebrated their 1,000th Informix SAP R/3 customer installation for enterprise applications and announced more than 100 Informix SAP R/3 sites on Windows NT during the first six months of sales.

The Baan/Informix partnership, established in 1994, covers working relationships at multiple levels—from sales support through executive management.

- During the first quarter of 1997, Informix became the number-one database sold by Baan in North America.

- In January 1997, the two companies entered into a technology agreement under which Baan uses commercially available RDBMS technology from Informix to replace its own Tribase database.
- Informix and Lawson Software have an agreement to embed INFORMIX®-OnLine Dynamic Server™ in Lawson's INSIGHT products. This is the first instance where Lawson has embedded a third-party database in its software.

### Competition

Informix's primary competitors are Oracle Corporation, Sybase Corporation, IBM Corporation, Microsoft Corporation, The ASK Group, Inc. (Computer Associates International, Inc.), Progress Software, and, to some degree, suppliers of third-party tools such as Gupta Technologies, Powersoft Corporation, Uniface Corporation, and Unify Corporation.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

May 1994

## Informix Corporation

Chairman,  
President & CEO: Phillip White  
Corporate Headquarters  
4100 Bohannon Drive  
Menlo Park, CA 94025  
Phone: (415) 926-6300  
Fax: (415) 926-6593

Status:	Public
Employees:	1,718(12/93)
Revenue:	\$352,915,000
Fiscal Year End:	12/31/93

### Key Points

- Informix provides database technology to build, deploy, run and evolve applications.
- In November 1993, Informix launched its new database technology called Dynamic Scalable Architecture™ (DSA), a state-of-the-art, multithreaded parallel processing database architecture that will be the foundation for future versions of the INFORMIX®-OnLine database server line.
- In November 1993, Informix and Microsoft Corporation jointly launched a worldwide sales and marketing campaign to promote a client/server software package consisting of the INFORMIX-SE Client/Server Software Developers Kit and Microsoft's Windows NT™ Advanced Server operating system.
- In December 1993, Informix announced that the company was adopting a user-based pricing model applicable to all new products.
- During 1993, Informix invested in Intellicorp, Inc., an object-oriented tools vendor, and Frontec AB, a Swedish-based company, to strengthen product development efforts.



**Company Description**

Informix Corporation, founded in 1980, designs, develops, manufactures, markets and supports distributed database management systems, and object-oriented graphical- and character-based applications development tools for delivering information to most significant desktop platforms. The company also offers training, consulting and maintenance to its customers.

**Structure and Operations**

Informix sells its products through three internal sales organizations—the Americas; Europe, Middle East and Africa; and Asia/Pacific.

The Americas sales organization has sales offices in the U.S., Canada, Mexico and Brazil and uses independent distributors to sell products throughout North and South America.

The Europe, Middle East and Africa sales organization, headquartered in the U.K., has sales offices in 14 European countries and uses independent distributors to sell products throughout the rest of Europe, the Middle East and Africa.

The Asia/Pacific sales organization, headquartered in Singapore, has sales offices in 10 countries and also uses independent distributors to sell products throughout Asia/Pacific. The company has subsidiaries in 26 countries.

Informix has U.S. regional offices in Albuquerque (NM), Atlanta (GA), Austin (TX), Bentonville (AR), Boston (MA), Brisbane (CA), Chicago (IL), Cincinnati (OH), Dallas (TX), Denver (CO), Detroit (MI), Downers Grove (IL), Houston (TX),

Indianapolis (IN), Irvine (CA), Lenexa (KS), Los Angeles (CA), Menlo Park (CA), Minneapolis (MN), New York (NY), Philadelphia (NJ), Phoenix (AR), Pittsburgh (PA), Portland (OR), Rochester (NY), Rockville MD, Sacramento (CA), Salt Lake City (UT), Sarasota (FL), Seattle (WA), Somerset (NJ), St. Louis (MO), Tampa Bay (FL) and Washington (D.C.)

International offices are in Argentina, Australia, Austria, Belgium, Brazil, Canada, Czech Republic, France, Germany, Hong Kong, Ireland, Italy, Japan, Republic of Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, People's Republic of China, Philippines, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand and the U.K.

**Company Strategy**

Informix's primary strategy is to address customer needs through core product technology that delivers real-world solutions. The goal is to deliver the right technology to customers worldwide, through the company's own direct sales efforts, as well as distribution channels and strategic partnerships.

**Market Strategy**

Informix has a multiple channel distribution strategy to maintain broad market coverage and product availability. The company combines its direct sales efforts with a number of partnerships and alliances to deliver the right combination of hardware, software and service to its customers. The company has implemented a new comprehensive user-based pricing model that will be applicable to all new products. This user-based pricing ties prices of products directly to the value



customers derive from using Informix software.

#### *Product Strategy*

Informix believes in making strategic investments in leading technology companies in an effort to complement its own product development strategies. Informix's product strategies are focused on two key areas :

1) continuing the Dynamic Scalable Architecture™ (DSA) database technology launch by working on new releases of the OnLine Dynamic Server and 2) bringing to market the next-generation database application tools with the release of the new object-oriented application development technology.

#### **Financials**

Total 1993 revenue reached \$352.9 million, a 24% increase over 1992 revenue of \$283.6 million. Net income rose 17%, from \$47.8 million in 1992 to \$56.1 million in 1993. A five-year financial summary can be found on the following page.

Revenue growth during 1993 can be attributed to the continued demand for the company's

database servers and connectivity products. In 1993, database servers, connectivity and tools products accounted for substantially all license revenues. The company also released several products that provided market-specific extensions and enhancements to the 4GL application development tools family.

Research and development expenditures were approximately \$43.6 million (12% of revenue) in 1993, compared to \$28.8 million (10% of revenue) in 1992 and \$16.2 million (9% of revenue) in 1991.

*Interim results:* Revenue for the three months ending April 3, 1994 reached \$96.1 million, a 25% increase over \$77.1 million for the same period in 1993. Net income for the period rose 9%, from \$11.5 million to \$12.5 million.

- Database server revenues grew 39% and development tools grew 6%.
- Geographically, North American revenue grew 25%, Europe by 22% and Intercontinental by 31%.

**Informix Corporation**  
**Five-Year Financial Summary**  
(\$ Millions, except per share data )

Item	Fiscal Year				
	1993	1992	1991	1990	1989
Revenue	\$352.9	\$283.6	\$179.8	\$146.1	\$130.2
• Percent increase from previous year	24%	58%	23%	(a)	45%
Income (loss) before taxes	\$56.1	\$47.8	\$12.2	\$(23.1)	\$(3.9)
• Percent increase from previous year	17%	291%	153%	(a)	*
Net income (loss)	\$56.1	\$47.8	\$12.6	\$(23.1)	\$(3.9)
• Percent increase from previous year	17%	279%	154%	(a)	--
Earnings (loss) per share (b)	\$0.83	\$0.74	\$0.21	\$(0.46)	\$(0.08)
• Percent increase from previous year	12%	252%	146%	(a)	--

\* Not meaningful

(a) Results for 1989 versus 1990 are not comparable due to the change in method of recognition of revenue implemented during 1990.

(b) Per share amounts reflect the two-for-one stock splits (effected in the form of stock dividends) which were effective September 16, 1992 and June 14, 1993.

### Market Financials

The company's customers consist primarily of users, computer original equipment manufacturers (OEMs), value-added resellers (VARs), systems integrators, distributors and dealers. The company markets its products directly to users through its sales force and

indirectly to users through OEMs, VARs, distributors, dealers and systems integrators.

#### *Revenue Analysis by Product Line*

Approximately 81% of Informix's 1993 revenue was derived from licensing fees for its software and 19% from its services. A three-year summary of source of revenue appears on the following page.

**Informix Corporation**  
**Three-Year Source of Revenue Summary**  
(\$ Millions)

	Fiscal Year					
	1993		1992		1991	
Products/Services	Revenue \$	Percent of total	Revenue \$	Percent of total	Revenue \$	Percent of total
License fees	\$284.3	81%	\$237.4	84%	\$148.7	83%
Services	68.6	19%	46.2	16%	31.1	17%
Total	\$352.9	100%	\$283.6	100%	\$179.8	100%

Approximately 60% (\$170.6 million) of total license revenue in 1993 was derived from licensing of database server and connectivity products and 40% (\$113.7 million) was from licensing of application development and desktop productivity tools.

Service revenue consisting of maintenance, training and consulting contributed 19% to the total 1993 revenue. The increase in service revenue in each of the past three years can be attributed to the continued growth of the installed customer base and the renewal of maintenance contracts. The company continues to place importance on its support services as a source of revenue and in 1993, implemented a maintenance policy that encourages the purchase of first year maintenance upon the purchase of a license.

### Geographic Markets

Approximately 44% (\$154.3 million) of Informix's 1993 revenue was derived from North America, 41% (\$144.1 million) from Europe, and 15% (\$54.5 million) from other intercontinental sources.

### Investments

Investments made by Informix during the past two years include the following:

- In November 1993, Informix signed an agreement with Frontec AB (formerly IDK Frontec), a privately held Swedish corporation, under which Informix acquired approximately 12% of Frontec AB for approximately \$2.1 million. Frontec develops quick response system technology and is a supplier of electronic data interchange (EDI) technology.
- In May 1993, Informix signed an agreement with IntelliCorp, Inc. under which the company acquired approximately 15% of the common stock of IntelliCorp. Under the terms of the stock purchase agreement, Informix invested \$2.0 million in IntelliCorp with limitations on the number of additional shares the company may acquire in the future. IntelliCorp provides object-oriented design, development and delivery software for distributed applications.

## Employees

As of December 31, 1993, Informix had approximately 1,718 employees, segmented as follows:

Marketing/sales/support .....	1,014
Product development.....	360
Operations.....	85
Administration and finance .....	<u>259</u>
	1,718

- The company currently has 1,847 employees.

## Key Products and Services

Informix's current software product offerings are summarized in exhibits A, B, C and D.

### Database Servers

The following is a list of Informix's server products:

- **INFORMIX-OnLine**—is a second generation on-line transaction processing (OLTP) engine.
- **Informix-SE**—is designed for smaller organizations with limited MIS staffing or minimal database expertise.
- **C-ISAM®**—is a library of C functions that manage indexed sequential access method files.

Product announcements include the following:

- In September 1993, the company released **INFORMIX-OnLine/Secure** version 5.0.
- In December 1993, **INFORMIX-SE** version 6.0 was released.

- In December 1993, **INFORMIX-OnLine Dynamic Server™ 6.0** with **Dynamic Scalable Architecture™** was released.
- In March 1994, the company released **INFORMIX-OnLine Dynamic Server 7.0** on **Sequent-only** platforms.

### Connectivity Products

Connectivity products offerings include :

- **INFORMIX-STAR**—provides the ability to access databases stored on multiple servers in the same transactions.
- **INFORMIX-NET**—allows the off-loading of application processing from the server to a client workstation.
- **INFORMIX-Gateway™**—is a UNIX-based connectivity tool with **Distributed Relational Database Architecture™**, that allows interoperability to IBM SAA databases such as DB2 and SQL/400 from Windows and UNIX clients.
- **INFORMIX-DataExtract**—is a mainframe database tool that allows UNIX computer users to extract and retrieve specific subsets of IBM mainframe data.
- **INFORMIX-TP/XA**—is a library of C functions that establishes the connection between **INFORMIX-OnLine** and the transaction manager.

## INFORMIX SOFTWARE PRODUCTS

EXHIBIT A  
DATABASE SERVERS

INFORMIX-OnLine	High-performance OLTP database server
•INFORMIX-OnLine Dynamic	Next generation parallel processing database server
•INFORMIX-OnLine/Secure	Has added features for multilevel secure applications
•INFORMIX-OnLine/Optical	Allows optical disk systems to store binary large objects
•INFORMIX-OnLine Workstation	Allows reference of OnLine documentation
INFORMIX-SE	SQL-based database engine for smaller applications

EXHIBIT B  
CONNECTIVITY PRODUCTS

INFORMIX-STAR	Distributed database software for UNIX
INFORMIX-NET	Allows Informix database applications to be implemented with client/server architecture
INFORMIX-Gateway with DRDA	Integrates DB2™ and SQL400 with Informix applications
INFORMIX-DataExtract	Allows UNIX user to retrieve data from IBM mainframe
INFORMIX-TP/XA	Links INFORMIX-OnLine to X/Open XA

EXHIBIT C  
ENDUSER ACCESS TOOLS

INFORMIX-ViewPoint	Graphical SQL database access tool
INFORMIX-Wingz	Spreadsheet with SQL database access features

## EXHIBIT D

### APPLICATION DEVELOPMENT TOOLS

INFORMIX-4GL	Fourth-generation programming language
INFORMIX-4GL Rapid (RDS)	Fourth-generation language with pseudo-code system
INFORMIX-4GL Debugger	Works with Rapid System to provide windowed environment for interactive debugging
INFORMIX-4GL Compiler	4GL Compiler
INFORMIX-4GL Forms	Code generator and form painter for data applications
INFORMIX-Menus	Creates menus that can access other submenus, programs
INFORMIX-4GL/GX	Works with 4GL RDS to run character-based applications in graphical environments
INFORMIX-4GL/RF	Allows recompilation of any INFORMIX-4GL RDS application to run over a radio frequency network
INFORMIX 4GL Graphical Development Environment	Moves 4GL coding into a graphical environment
INFORMIX-TP/Toolkit	Allows INFORMIX-4GL applications to run in conjunction with a transaction manager
INFORMIX-HyperScript Tools	Visual programming environment used to create applications in Windows, UNIX and Macintosh
INFORMIX-SQL	Menu-driven SQL RDBMS for UNIX and DOS
INFORMIX-ESQL/C	Interface to INFORMIX-SQL database for C programmers
INFORMIX-ESQL/COBOL	Interface to INFORMIX-SQL databases for COBOL users
INFORMIX-ESQL/Ada	Interface to INFORMIX-SQL databases for Ada users
INFORMIX-ESQL/Fortran	Interface to INFORMIX-SQL databases for Fortran users
INFORMIX-Ada/SAME	SQL module language compiler
INFORMIX-DBA	Graphical tool for creating/modifying Informix databases

Connectivity product announcements include:

- In September 1993, the company released INFORMIX-STAR/Secure, a multi-level secure connectivity product for distributed client/server platforms that provides advanced security features designed to meet specific and stringent government standards.

#### *Enduser Information Access Tools*

- INFORMIX-ViewPoint™—is a database access and analytical tool designed for non-technical computer users, with its point and click feature.
- INFORMIX-Wingz®—is a spreadsheet with powerful SQL database access features.

#### *Application Development Tools*

The Informix database tools include the following :

- INFORMIX-SQL—is a package of five interactive tools for creating character-based applications.
- INFORMIX-4GL product family—is a comprehensive fourth-generation application development and production environment that provides power and flexibility to application development needs.
- INFORMIX-ESQL—is designed so developers can take advantage of SQL technology while building applications in C, COBOL, Fortran or Ada.
- INFORMIX-DBA —is a graphical database administration tool.

- INFORMIX-HyperScript Tools—is a visual programming environment that enables developers to create graphical, decision-support applications for platforms, using UNIX and Windows operating systems.

- INFORMIX-Ada/SAME—is an SQL module language compiler extended to support Ada's advanced features.

- In October 1993, the company released the INFORMIX-4GL for Windows.

#### *Maintenance, Consulting and Services*

Informix offers two levels of software maintenance:

- Standard maintenance includes regular product updates, unlimited telephone support and Tech Notes (a quarterly publication from Informix to help customers with troubleshooting).
- Regency Support offers a higher level of service to customers with complex, on-line transaction-processing-based applications. Through Regency Support, customers have access to a dedicated engineer who is familiar with the application and access to an on-line bulletin board.

Professional services provided to software clients include the following :

- Consulting services provided to software customers support the analysis, design, implementation and production phases of database applications.
- Training courses cover every product offered by Informix and are tailored to



specific skill levels/job functions. The courses are available at Informix Training Centers in cities across the U.S.

### **Marketing and Sales**

In the U.S., Europe and Latin America, the company distributes its products through channels of direct user licensing, OEMs, VARs addressing specific markets, systems integrators, distributors and dealers.

In other foreign countries, the company licenses its products to users primarily through VARs, distributors and OEMs.

In an attempt to maintain broad market coverage and product availability, the company has chosen a multiple channel distribution strategy. Discount policies and reseller licensing programs are designed to support each channel of distribution.

Informix has three separate internal sales organizations: the Americas; Europe, Middle East and Africa; and Asia/ Pacific. The Americas sales organization has sales offices in major cities throughout the U.S., Canada, Mexico and Brazil. The Europe, Middle East and Africa sales organization has sales offices in 14 European countries. The Asia/ Pacific sales organization has sales offices in 10 countries.

### **Alliances**

During the past two years, Informix entered into the following agreements:

- In January 1994, Informix entered into a license agreement with Investment Intelligence Systems Corporation for the sale of its Wingz product.
- In November 1993, Informix and Microsoft Corporation jointly launched a worldwide sales and marketing campaign to promote a client/server software package consisting of the INFORMIX-SE Client/Server Software Developer's Kit (SDK) and Microsoft's Windows NT™ Advanced Server operating system.
- In May 1993, Informix signed an agreement with IntelliCorp, Inc., a developer of visual front end technology.
- In January 1993, the company entered into an exclusive license agreement with CS Computing Services, Inc., of Toronto, Canada. The agreement gives CS Computing Services the exclusive worldwide distribution rights of the company's SmartWare® version 3.10 and SmartWare II version 1.5 office integration software packages.

### **Competition**

The chief competition to Informix is provided by Oracle Corporation, Sybase Corporation, Ingres Corporation (a wholly-owned subsidiary of The ASK Group), Progress Software and to some degree by IBM, Microsoft and suppliers of third party tools such as Gupta Technologies, Powersoft Corporation, Uniface Corporation and Unify Corporation.

Some of the competitive factors in the RDBMS market include: applications development productivity, flexibility of applications development tools, database performance, availability of products across various brands and sizes of computers and the distribution of RDBMS software applications



and data across networks of computers from multiple suppliers.

### Input Assessment

- Informix is currently the number three independent RDBMS vendor, with 1993 revenues of \$352.9 million.
- Informix has an industrial strength database that competes on a UNIX platform with those offered on mainframes. It is ideal for corporations that want to replace their mainframe applications with those running on UNIX.
- Informix has joined Sybase and Oracle in the move toward parallel database processing. Informix will be successful in the parallel processing market.
- Informix needs to develop stronger marketing relationships with Graphical User Interface (GUI) builders to get them to promote Informix.
- The company needs to provide its marketing communications with a business-solutions focus.



## COMPANY PROFILE

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### **INFORMIX CORPORATION**

4100 Bohannon Drive  
Menlo Park, CA 94025  
(415) 926-6300

Roger J. Sippl, Chairman  
Phillip E. White, President and CEO  
Public Corporation, NASDAQ  
Total Employees: 1,121 (12/91)  
Total Revenue, Fiscal Year End  
12/31/91: \$179,811,000

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### **The Company**

Informix Corporation, founded in 1980, provides high-performance relational data base management system (RDBMS) software primarily for midrange computers, along with application development tools and office automation software products.

In February 1991, Informix signed an agreement with Hewlett-Packard (HP) whereby HP committed to buy up to 5% of Informix common stock on the open market by February 1992. HP has completed its purchase of Informix common stock on the open market in accordance with this agreement.

- At Informix' option, HP could purchase up to an additional 5% equity interest in the form of newly issued shares of Informix common stock. Informix did not exercise this option and the option has lapsed.
- In addition, HP and Informix signed a five-year agreement for joint development, marketing, and sales--including developing Informix products for CASE and on-line transaction processing solutions. HP 9000 business servers and workstations will be among the first to support new software from Informix.
- The first result of Informix and HP's joint development is Informix OpenCase/ToolBus, a product introduced in January 1991 that is based on SoftBench technology from HP. OpenCase/ToolBus is part of an integrated, flexible CASE environment that Informix will make available to other hardware and software companies for application development on open systems.

During 1990, Informix voluntarily adopted a more conservative policy for recognizing revenue. Results for 1990 were restated to reflect the new policy and include a cumulative adjustment of \$23.3 million for all previous years of operation.

- In January 1991, Informix restructured its operations in order to bring expenses in line with the company's current revenue expectations under the new policy and to better support the company's focus on data base technology, application development tools, and end-user desktop tools.
- Results for 1990 include a \$6.1 million charge for restructuring, including severance and related employee benefits resulting from a 15% workforce reduction, write-offs of previously capitalized development projects, and costs for closing certain sales offices.

In the five-year summary that follows, 1990 results reflect the new revenue recognition policy implemented by Informix during 1990, whereas years prior to 1990 reflect the old revenue recognition policy.

**INFORMIX CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ millions, except per share data)**

ITEM	FISCAL YEAR				
	1991	1990	1989	1988	1987
Revenue	\$179.8	\$146.1	\$145.0	\$103.5	\$68.5
• Percent change from previous year	23%	(a)	45%	51%	89%
Income (loss) before taxes	\$(22.7)	\$10.1	\$0.6	\$15.2	
• Percent change from previous year	161%	(a)	*	(96%)	124%
Net income (loss)	\$12.6	\$(46.4)	\$6.4	\$1.5	\$9.3
• Percent change from previous year	127%	(b) (a)	327%	(84%)	102%
Earnings (loss) per share	\$0.84	\$(3.65)	\$0.48	\$0.12	\$0.77
• Percent change from previous year	123%	(b) (a)	300%	(84%)	60%

\* Not meaningful

- (a) Results for 1989 versus 1990 are not comparable due to the change in method of recognition of revenue implemented during 1990.
- (b) Includes a \$23.3 million (\$1.83 per share) cumulative effect on prior years from a change in the method of revenue recognition.

Revenue growth during 1991 was generally attributed to healthy business growth in the second half domestically, and in Informix' markets abroad for the full year.

- In 1991, data base products accounted for approximately 84% (\$125 million) of license revenue, compared to 80% (\$97 million) of license revenue in 1990.
- The proportion of office automation products has declined as a percentage of revenue due to the company's shift in product strategy focusing more on data base products.
  - Wingz will continue to be enhanced and reach more platforms; however, it will be positioned as a front-end for Informix's data base products.
  - Development of the SmartWare product line has been curtailed and it is anticipated that no major product enhancements will be made unless a partner is found to participate in the development.
- Service revenue increased 26% due to continued growth of the installed customer base and the renewal of maintenance contracts.

Research and development expenses were \$16.2 million (9% of revenue) in 1991, \$14.6 million (10% of revenue) in 1990, and \$9.0 million (7% of revenue) in 1989. Current product development is focused toward:

- Improvement of current products and adaptations of future products for UNIX, MS-DOS, DOS Windows, Macintosh, OS/2, and Netware
- Improvement of current and future products for networks of multiuser computers and networks composed of combinations of single-user and multiuser computers
- New and enhanced applications development productivity tools
- Improvements to Informix products to provide greater speed and support for larger numbers of concurrent users
- Adaptation of new products to a range of computers Informix currently supports, as well as to new brands of computers

During the fourth quarter of 1990, Informix signed an agreement with ASCII Corporation, its exclusive distributor in Japan, whereby ASCII purchased 5% (672,000 shares) of Informix common stock for a total purchase price of approximately \$6.7 million.

As of December 31, 1991, Informix had 1,121 employees, segmented as follows:

Sales/marketing	617
Product development	205
Customer service	89
Operations	70
Administration/finance	140
	1,121

Major competitors, by product line, include the following:

- RDBMS products: Oracle Corporation, Unify, and Sybase
- Office automation products: Ashton-Tate/Borland, Lotus Development, Microsoft, and Spinnaker

#### **Key Products and Services**

Approximately 83% (\$148.7 million) of Informix' 1991 revenue was derived from software product licenses and 17% (\$31.1 million) from maintenance and associated support services.

Informix's current software products offerings are summarized in the exhibit.

Informix's data base management and application development software tools (which contributed 84% to total revenue) are used on over 500 different models of computers from over 85 different computer manufacturers.

- The company's data base management software runs on UNIX, MS-DOS, and OS/2 operating systems and certain networked environments.

Office productivity software available through Informix includes the following:

- SmartWare<sup>®</sup> II is an integrated business application consisting of the following modules: DataBase, Word Processor, Spreadsheet with Graphics, and Communications. The product operates on IBM PC DOS microcomputers.
- Wingz is a high-performance graphical spreadsheet with HyperScript<sup>®</sup> command language for customizing applications. The product is available for the Apple Macintosh and A/UX, MS-Windows, OS/2, and UNIX operating systems.

## EXHIBIT

## INFORMIX SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	YEAR INTRODUCED
Data Base Engines		
INFORMIX-OnLine	High-performance UNIX data base engine	1989
INFORMIX-SE	SQL-based data base engine for small- to medium-range applications	1982
Application Development Tools		
INFORMIX-SQL	Menu-driven SQL RDBMS for UNIX and DOS	1985
INFORMIX-4GL	Fourth-generation programming language for data base applications for UNIX and DOS	1986
- INFORMIX-4GL Rapid Development System	Fourth-generation language with pseudo-code system	1988
- INFORMIX-4GL Interactive Debugger	Works with Rapid Development System to provide a windowed environment for interactive debugging	1988
- INFORMIX-4GL Compiler	4GL compiler	1988
INFORMIX-ESQL/C	Interface to INFORMIX-SQL data bases for C programmers	1985
INFORMIX-ESQL/COBOL	Interface to INFORMIX-SQL data bases for COBOL programmers	1985
INFORMIX-ESQL/Ada	Interface to INFORMIX-SQL data bases for Ada programmers	1988
INFORMIX-ESQL/Fortran	Interface to INFORMIX-SQL data bases for Fortran programmers	1989
Wingz-DataLink	Interface from Wingz custom applications to Informix data bases	1989
SmartWare II-DataLink	Interface from SmartWare II custom applications to Informix data bases	1990
C-ISAM <sup>®</sup>	Library of C functions for maintaining indexed data files	1981
Connectivity Products		
INFORMIX-STAR	Distributed data base software for UNIX	1989
INFORMIX-NET	Allows Informix data base applications to be implemented with client/server architecture	1988
INFORMIX-DATA EXTRACT	Works with Sterling Software's Answer/Extractor for UNIX systems to retrieve data from corporate mainframes	1990
Office Automation Products		
SmartWare II	Integrated data base management, word processing, spreadsheet with graphics, and communications product for DOS	1989
Wingz	Graphic spreadsheet for Macintosh and A/UX, Windows 3.0, OS/2 Presentation Manager, NextStep, OSF/Motif, and OpenLook	1989

Informix offers two levels of software maintenance:

- Standard maintenance includes regular product updates, unlimited telephone support, and *Tech Notes* (a quarterly publication from Informix to help customers with troubleshooting).
- Regency Support offers a higher level of service to customers with complex, on-line transaction-processing-based applications. Through Regency Support, customers have access to a dedicated engineer who is familiar with the application and access to an on-line bulletin board.

Professional services provided to software clients include the following:

- Consulting services provided to software customers support the analysis, design, implementation, and production phases of data base applications.
- Training courses cover every product offered by Informix and are tailored to specific skill levels/job functions. The courses are available at Informix Training Centers in cities across the U.S.

### **Industry Markets**

Informix's revenue is derived from a range of commercial and government clients.

The company markets its products directly to end users through its sales force and indirectly to end users through OEMs, VARs, government system integrators, distributors, and dealers.

During 1991, Informix was selected to provide the data base component of a decision support system for the Army National Guard and Army Reserves. Informix will receive a total of \$26.8 million for license fees and support, with \$21.8 million to be recorded as license revenue in 1992 and the remaining \$5 million of support revenue to be deferred and recognized over an 11-year support period.

### **Geographic Markets**

Approximately 49% (\$88 million) of Informix's 1991 revenue was derived from the U.S. and 51% (\$91.8 million) was from international sales.

- U.S. revenue was approximately \$79.9 million in 1990 and \$84.1 million in 1989.



- Export revenues, consisting of sales from U.S. operating subsidiaries to nonaffiliated customers--primarily in Europe, Asia, Canada, and Australia--were approximately \$17.4 million in 1991, \$15.1 million in 1990, and \$15.5 million in 1989.

Informix has three sales organizations that sell all its products, as follows:

- The Americas sales organization has sales offices in major cities throughout the U.S. and Canada and uses independent distributors to sell products throughout Central and South America.
- The European sales organization, headquartered in the U.K., has offices in nine European countries and uses independent distributors to sell products throughout the rest of Europe, Africa, and the Middle East.
- The Asia/Pacific sales organization, headquartered in Singapore, has offices in six countries and uses distributors throughout the rest of the Asia/Pacific region.

Domestic sales offices are in Atlanta (GA); Boston (MA); Chicago (IL); Dallas (TX); Denver (CO); Des Plaines (IL); Detroit (MI); Los Angeles, Newport Beach, Sacramento, and San Francisco (CA); Minneapolis (MN); New York (NY); Portland (OR); Pittsburgh (PA); Seattle (WA); Somerset (NJ); St. Louis (MO); Tampa (FL); and Washington, D.C.

Canadian offices are in Montreal and Toronto.

Informix has international subsidiaries in Australia, Canada, France, Germany, Hong Kong, Italy, the Netherlands, New Zealand, Singapore, Spain, Sweden, and the U.K.



## COMPANY PROFILE

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### **INFORMIX CORPORATION**

4100 Bohannon Drive  
Menlo Park, CA 94025  
(415) 926-6300

Roger J. Sippl, Chairman  
Phillip E. White, President and CEO  
Public Corporation, OTC  
Total Employees: 1,109 (9/91)  
Total Revenue, Fiscal Year End  
12/31/90: \$146,107,000

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### **The Company**

Informix Corporation, founded in 1980, provides high-performance relational data base management system (RDBMS) software primarily for midrange computers, along with application development tools and office automation software products.

During the fourth quarter of 1990, Informix signed an agreement with ASCII Corporation, its exclusive distributor in Japan, whereby ASCII purchased 5% (672,000 shares) of Informix common stock for a total purchase price of approximately \$6.7 million.

In February 1991, Informix signed an agreement with Hewlett-Packard (HP) whereby HP committed to buy up to 5% of Informix common stock on the open market by February 1992.

- At Informix' option, HP may purchase up to an additional 5% equity interest in the form of newly issued shares of Informix common stock.
- In addition, HP and Informix signed a five-year agreement for joint development, marketing, and sales—including developing Informix products for CASE and on-line transaction-processing solutions. HP 9000 business servers and workstations will be among the first to support new software from Informix.
- The first result of Informix and HP's joint development is Informix OpenCase/ToolBus, a product introduced in January 1991 that is based on SoftBench technology from HP. OpenCase/ToolBus is part of an integrated, flexible CASE environment that Informix will make available to other hardware and software companies for application development on open systems.

During 1990, Informix voluntarily adopted a more conservative policy for recognizing revenue. Results for 1990 were restated to

reflect the new policy and include a cumulative adjustment of \$23.3 million for all previous years of operation.

- In January 1991, Informix restructured its operations in order to bring expenses in line with the company's current revenue expectations under the new policy and to better support the company's focus on data base technology, application development tools, and end-user desktop tools.
- Results for 1990 include a \$6.1 million charge for restructuring, including severance and related employee benefits resulting from a 15% workforce reduction, write-offs of previously capitalized development projects, and costs for closing certain sales offices.

In the five-year summary that follows, 1990 results reflect the new revenue recognition policy implemented by Informix during 1990, whereas years prior to 1990 reflect the old revenue recognition policy.

**INFORMIX CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ millions, except per share data)**

ITEM	FISCAL YEAR				
	1990	1989	1988	1987	1986
Revenue	\$146.1	\$145.0	\$103.5	\$68.5	\$36.2
• Percent increase from previous year	(a)	45%	51%	89%	92%
Income (loss) before taxes	\$(22.7)	\$10.1	\$0.6	\$15.2	\$6.8
• Percent increase (decrease) from previous year	(a)	*	(96%)	124%	N/A
Net income (loss)	\$(46.4)	\$6.4	\$1.5	\$9.3	\$4.6
• Percent increase (decrease) from previous year	(a)	327%	(84%)	102%	144%
Earnings (loss) per share	\$(3.65)	\$0.48	\$0.12	\$0.77	\$0.48
• Percent increase (decrease) from previous year	(a)	300%	(84%)	60%	109%

\* Not meaningful

- (a) Results for 1989 versus 1990 are not comparable due to the change in method of recognition of revenue implemented during 1990.
- (b) Includes a \$23.3 million (\$1.83 per share) cumulative effect on prior years from a change in the method of revenue recognition.

Revenue growth during 1990 and 1989 has primarily resulted from increased license volume for the company's data base products and increased customer support services from an expanded customer base.

- The slower growth rate in 1990 was due to overall economic conditions and industry trends.
- In 1990, data base products accounted for approximately 80% (\$97 million) of license revenue.
- The proportion of office automation products has declined despite new product introductions and the effect of higher foreign currency rates in Europe, which is the source of the majority of office automation revenue.

Net losses were attributed to the change in revenue recognition policy, restructuring charges, and the significantly lower revenue growth during 1990 due to the slowing worldwide economy.

- Assuming the change in revenue recognition is applied retroactively, 1989 revenue and net losses would have been \$130.2 million and \$23.1 million, respectively.

Revenue for the nine months ending September 29, 1991 reached \$126.0 million, an 18% increase over \$106.9 million for the same period in 1990. Net income was nearly \$4.3 million, compared to net losses of \$35.9 million for the same period a year ago.

- The cost reduction program implemented during early 1991 resulted in operating income of \$6.8 million for the first nine months of 1991, compared to operating losses of nearly \$11 million for the first nine months of 1990.

As of December 31, 1990, Informix had 1,242 employees. As of September 1991, the company had 1,109 employees.

Major competitors, by product line, include the following:

- RDBMS products: Oracle Corporation, Unify, and Sybase
- Office automation products: Ashton-Tate/Borland, Lotus Development, Microsoft, and Spinnaker

**Key Products and Services**

Approximately 83% (\$121.4 million) of Informix' 1990 revenue was derived from software product licenses and 17% (\$24.7 million) from maintenance and associated support services.

Informix's current software products offerings are summarized in the exhibit.

Informix's data base management and application development software tools (which contributed 80% to total revenue) are used on over 450 different models of computers from over 85 different computer manufacturers.

- The company's data base management software runs on UNIX, MS-DOS, and OS/2 operating systems and certain networked environments.

Office productivity software available through Informix includes the following:

- SmartWare<sup>®</sup> II is an integrated business application consisting of the following modules: DataBase, Word Processor, Spreadsheet with Graphics, and Communications. The product operates on IBM PC DOS microcomputers.
- Wingz is a high-performance graphical spreadsheet with HyperScript<sup>®</sup> command language for customizing applications. The product, which was originally developed for the Apple Macintosh, is now also available for DOS-Windows, OS/2, and UNIX operating environments.

**EXHIBIT**  
**INFORMIX SOFTWARE PRODUCTS**

PRODUCT	DESCRIPTION	YEAR INTRODUCED
Data Base Engines		
INFORMIX-OnLine	High-performance UNIX data base engine	1989
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INFORMIX-OpenView	Works with Sterling Software's Answer/Extractor for UNIX systems to retrieve data from corporate mainframes	1990
Office Automation Products		
SmartWare II	Integrated data base management, word processing, spreadsheet with graphics, and communications product for DOS	1989
Wingz	Graphic spreadsheet for Macintosh and A/UX, Windows 3.0, OS/2 Presentation Manager, NextStep, OSF/Motif, and OpenLook	1989

Informix offers two levels of software maintenance:

- Standard maintenance includes regular product updates, unlimited telephone support, and *Tech Notes* (a quarterly publication from Informix to help customers with troubleshooting).
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Professional services provided to software clients include the following:

- Consulting services provided to software customers support the analysis, design, implementation, and production phases of data base applications.
- Training courses cover every product offered by Informix and are tailored to specific skill levels/job functions. The courses are available at Informix Training Centers in cities across the U.S.

## Industry Markets

Informix's revenue is derived from a range of commercial and government clients.

The company markets its products directly to end-users through its sales force and indirectly to end users through OEMs, VARs, government system integrators, distributors, and dealers.

## Geographic Markets

Approximately 55% (\$79.9 million) of Informix's 1990 revenue was derived from the U.S. and 45% (\$66.2 million) was from international sales.

- U.S. revenue was approximately 58% (\$84.1 million) of total revenue in 1989 and 61% (\$63.1 million) of total revenue in 1988.
- Export revenues, consisting of sales from U.S. operating subsidiaries to nonaffiliated customers--primarily in Europe, Asia, Canada, and Australia--were approximately \$15.1 million in 1990, \$15.5 million in 1989, and \$24.3 million in 1988.

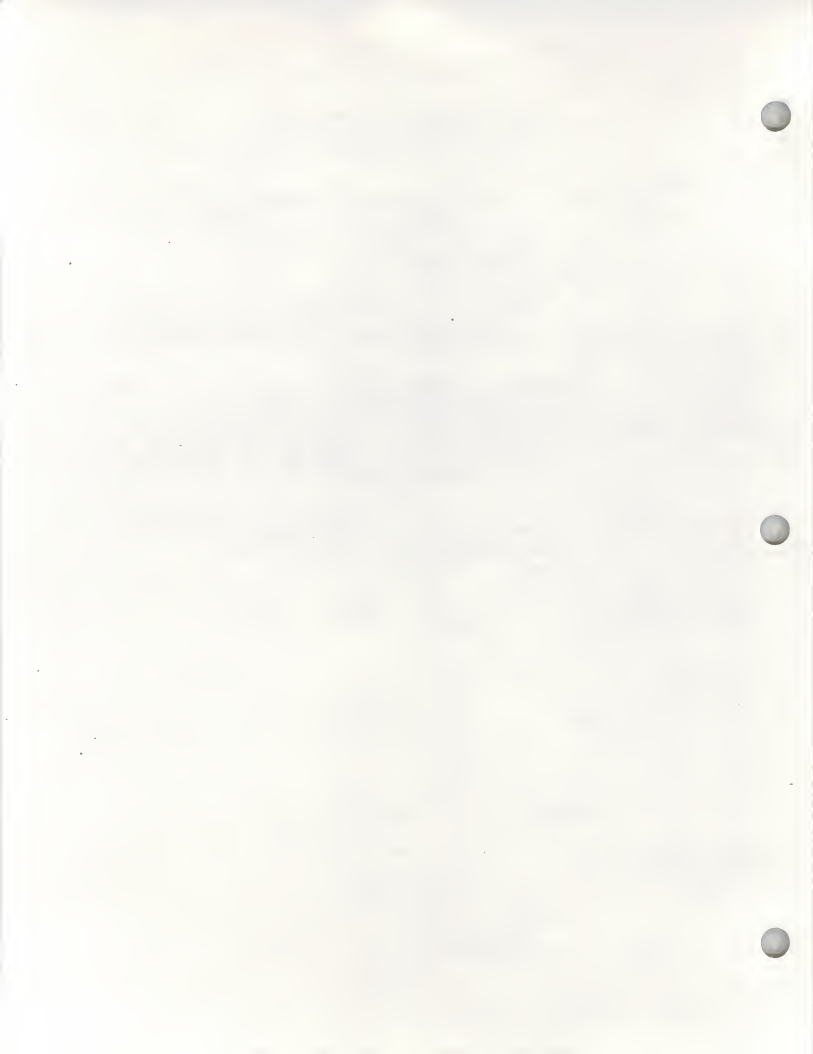
Informix has three sales organizations that sell all its products, as follows:



- The Americas sales organization has sales offices in major cities throughout the U.S. and Canada and uses independent distributors to sell products throughout Central and South America.
- The European sales organization, headquartered in the U.K., has offices in seven European countries and uses independent distributors to sell products throughout the rest of Europe, Africa, and the Middle East.
- The Asia/Pacific sales organization, headquartered in Singapore, sells directly through offices in Singapore, Australia, New Zealand, and Hong Kong and uses distributors throughout the rest of Asia/Pacific.

Domestic sales offices are in Atlanta (GA); Boston (MA); Chicago (IL); Dallas (TX); Denver (CO); Detroit (MI); Edison (NJ); Los Angeles, Newport Beach, and San Francisco (CA); Minneapolis (MN); New York (NY); Portland (OR); Philadelphia and Pittsburgh (PA); Phoenix (AZ); Seattle (WA); St. Louis (MO); Tampa (FL); and Washington, D.C.

Informix has international subsidiaries in Australia, Canada, France, Germany, Hong Kong, Italy, the Netherlands, New Zealand, Singapore, Spain, Sweden, and the U.K.



## COMPANY PROFILE

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### INFORMIX CORPORATION

4100 Bohannon Drive  
Menlo Park, CA 94025  
(415) 926-6300

Roger J. Sippl, Chairman  
Phillip E. White, CEO  
Public Corporation, OTC  
Total Employees: 1,100 (12/89)  
Total Revenue, Fiscal Year End  
12/31/88: \$103,505,000

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### The Company

Informix Corporation, through its wholly owned subsidiary, Informix Software, Inc., provides high performance relational data base management system (RDBMS) software for the UNIX environment, along with application development tools and office automation software products.

- The company was founded in 1980 as Relational Database Systems, Inc., to provide RDBMS software. During 1986, its name was changed to Informix Software, Inc. and Informix Corporation was formed as its holding company.
- In September 1986, Informix made an initial public offering of 1.6 million shares of common stock, generating net proceeds of approximately \$8.2 million. Simultaneous to this offering, Altos Computer Systems purchased 330,554 shares of Informix stock, providing net proceeds of \$2.3 million to Informix. In early 1989, Altos sold its Informix stock.
- In February 1988, Informix and Innovative Software, Inc. merged. Each outstanding share of Innovative common stock was exchanged for three-quarters of a share of Informix common stock. Informix issued nearly three million shares of common stock in the transaction, which was accounted for as a pooling of interests.
  - Innovative, founded in 1979 and headquartered in Lenexa (KS), developed and marketed the SmartWare family of office automation software products for microcomputers.
  - Innovative had revenue of \$26.9 million and net income of nearly \$3 million in 1987, and had approximately 250 employees at the time of the acquisition.
- The merger with Innovative has made Informix the 10th-largest publicly-owned company in the packaged software industry.

Informix's 1988 revenue reached \$103.5 million, a 51% increase over 1987 revenue of \$68.5 million. Net income declined 84%, from \$9.3 million in 1987 to \$1.5 million in 1988. In the five-year summary that follows, financials prior to 1988 have been restated to reflect the pooling-of-interests acquisition of Innovative.

**INFORMIX CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	1988	1987	1986	1985	1984
Revenue	\$103,505	\$68,471	\$36,184	\$18,878	\$9,618
• Percent increase from previous year	51%	89%	92%	96%	N/A
Income before taxes	\$580	\$15,206	\$6,800	N/A	N/A
• Percent increase (decrease) from previous year	(96%)	124%	N/A	N/A	N/A
Net income (loss)	\$1,458 (a)	\$9,308	\$4,616	\$1,894	\$(2,372)
• Percent increase (decrease) from previous year	(84%)	102%	144%	180%	N/A
Earnings (loss) per share	\$0.12	\$0.77	\$0.48	\$0.23	\$(0.36)
• Percent increase (decrease) from previous year	(84%)	60%	109%	164%	N/A

(a) Includes an extraordinary gain of approximately \$1.1 million from the repurchase and retirement of certain convertible subordinated debentures.

Informix management attributes revenue increases to increased license volume for INFORMIX-SQL, INFORMIX 4GL, and SmartWare products. Growth in revenue from international sales has contributed significantly to overall revenue growth. Sales to international customers represented 44% of total revenue in 1988.

Declines in net income during 1988 were attributed to delays in introducing the company's new Wingz spreadsheet and SmartWare II products, coupled with continued investment in research and development and sales and marketing budgets to support those products.

- Sales and marketing expenditures were \$67.9 million (66% of revenue) in 1988, compared to \$32.3 million (47% of revenue) in 1987 and \$16.7 million (46% of revenue) in 1986.
- Research and development expenditures (net of capitalized amounts) were approximately \$7.8 million (8% of revenue) in 1988, compared to \$5.1 million (7% of revenue) in 1987 and \$3.5 million (9% of revenue) in 1986.
- General and administrative costs were \$16 million (15% of revenue) in 1988, compared to \$9 million (13% of revenue) in 1987, and \$5 million (14% of revenue) in 1986. Increases in 1988 were attributed to expansion costs at headquarters and new facilities in Lenexa, and \$1.2 million in expenses related to the merger with Innovative.

In January 1989, Informix underwent an approximately 15% reduction in work force and reorganized product development and marketing into two divisions.

- The Advanced Products Division, headquartered in Menlo Park, provides relational data base management system (RDBMS) and fourth-generation language (4GL) application development systems software products for UNIX, DOS, OS/2, VMS, and MVS operating environments.
- The Workstation Products Division, headquartered in Lenexa, provides office productivity software for DOS, OS/2, UNIX, and Macintosh environments, including the SmartWare product line and Wingz.

Revenue for the nine months ending September 30, 1989 reached \$101.8 million, a 35% increase over \$75.6 million for the same period in 1988. Net income was nearly \$3.7 million, compared to \$4.1 million (which included a \$615,000 gain from the repurchase of debentures) for the same period a year ago.

As of December 31, 1988, Informix had 1,062 employees. The company currently has approximately 1,100 employees.

Major competitors, by product line, include the following:

- RDBMS products: Oracle Corporation, Relational Technology, Inc., and Unify Corporation
- Office automation products: Ashton-Tate, Lotus Development, Microsoft, and Software Publishing

**Key Products and Services**

One hundred percent of Informix's revenue is derived from its software products and associated support services.

Informix's current software products offerings are summarized in the exhibit.

Informix's data base management and application development software tools are used on over 200 computer systems from 85 hardware manufacturers and support the UNIX, DOS, VMS, and OS/2 operating systems.

- During 1988 alone, Informix sold more than 100,000 data base licenses in the UNIX market.
- In October 1989, Informix introduced Informix-OnLine, a data base engine that combines fault-tolerant on-line transaction processing performance with support of multimedia data base applications. With OnLine, users can integrate information objects such as word processing documents, graphs, spreadsheets, scanned and digitized images, facsimiles, and voice into a UNIX-based RDBMS.

Recent office productivity software introduced by Informix includes the following:

- SmartWare II is a major new release of SmartWare that provides seamless DOS-to-UNIX connectivity.
- Wingz is a microcomputer spreadsheet using graphical windowing. Wingz combines numbers, words, graphs, and graphic images on a single worksheet, and on a single printed page.
  - The software is currently available for the Apple Macintosh. Informix has announced the product will be available for the NeXT Computer System.
  - Wingz was selected as part of a recent large U.S. Air Force procurement.

Informix offers two levels of software maintenance as follows:

- Standard maintenance includes regular product updates, unlimited telephone support, *Tech Notes* (a quarterly publication from Informix to help customers with troubleshooting), and an on-line bulletin board that provides technical information and assistance.

**EXHIBIT**  
**INFORMIX SOFTWARE PRODUCTS**

PRODUCT	DESCRIPTION	YEAR INTRODUCED
<b>Data Base Engines</b>		
Informix-OnLine Informix-SE	Fault-tolerant multimedia data base engine SQL data base engine for decision support applications	1989
<b>Application Development Tools</b>		
Informix-4GL	Non-procedural programming language for data base applications	1986
Informix-4GL Rapid Development System	Fourth generation language with pseudo-code system	1988
Informix-4GL Interactive Debugger	Works with Rapid Development System to provide a windowed environment for interactive debugging	1988
Informix-SQL	Menu-driven SQL RDBMS for UNIX	1985
Informix-ESQL/C	Interface to Informix-SQL data bases for C programmers	1985
Informix-ESQL/COBOL	Interface to Informix-SQL data bases for COBOL programmers	1985
Informix-ESQL/Ada	Interface to Informix-SQL data bases for Ada programmers	1988
Informix Datasheet Add-In	Relational data base addition to Lotus 1-2-3	1987
C-ISAM	Library of C functions for maintaining indexed data files	1981
<b>Connectivity Products</b>		
Informix-Star	Distributed data base software for UNIX	1989
Informix-Net PC	Allows Informix data base applications to be implemented with client/server architecture	1988
<b>Office Automation Products</b>		
SmartWare II	Integrated data base management, word processing, spreadsheet with graphics, and communications product.	1989
Wingz	Graphic spreadsheet for Macintosh and A/UX operating systems and other windowed environments	1989

- Regency Support offers a higher level of service to customers with complex, on-line transaction processing-based applications. Through Regency Support, customers have access to a dedicated engineer who is familiar with the application, an on-line bulletin board, and an option for 24-hour, seven-day-a-week support.

Professional services provided to software clients include the following:

- Consulting services provided to software customers support the analysis, design, implementation, and production phases of their data base applications.
- Training courses cover every product offered by Informix and are tailored to specific skill levels/job functions. The courses are available at Informix Training Centers located in cities across the U.S.

### **Industry Markets**

Informix's revenue is derived from a range of commercial and government clients.

- Corporate end users include Anheuser-Busch, Boeing, British Telecom, DHL, Domino's Pizza, Ford Motor Company, General Motors, GTE, Hyatt, K-Mart, IBM, Imperial Chemical, London Underground, McDonald's Corporation, JC Penney, Rockwell International, Yellow Freight, and US WEST.
- The federal government receives Informix products through systems integrators and from Informix's GSA schedule. Federal government end users include the IRS, NASA, National Credit Union Administration, National Security Agency, the U.S. Army and Navy, the Customs Service, Department of Labor, and the Treasury Department.

### **Geographic Markets**

Informix products are distributed worldwide via value-added resellers (VARs), OEMs, systems integrators, resellers, and its direct sales force (to Fortune 1000 firms).

- Informix has more than 1,000 VARs that have used Informix data base software as the foundation for a range of applications, including medical, accounting, legal, manufacturing, and inventory control.



- Informix OEMs include ASCII Corp., AT&T, IBM, MIPS, Motorola, NCR, NEC, Olivetti, Pyramid, Siemens, Sequent, and Unisys.
- Resellers include Ingram/MicroD and Softsel.

Approximately 56% of Informix's 1988 revenue was derived from the U.S., 24% from export sales, and 20% from European operations. A three-year geographic source of revenue summary follows:

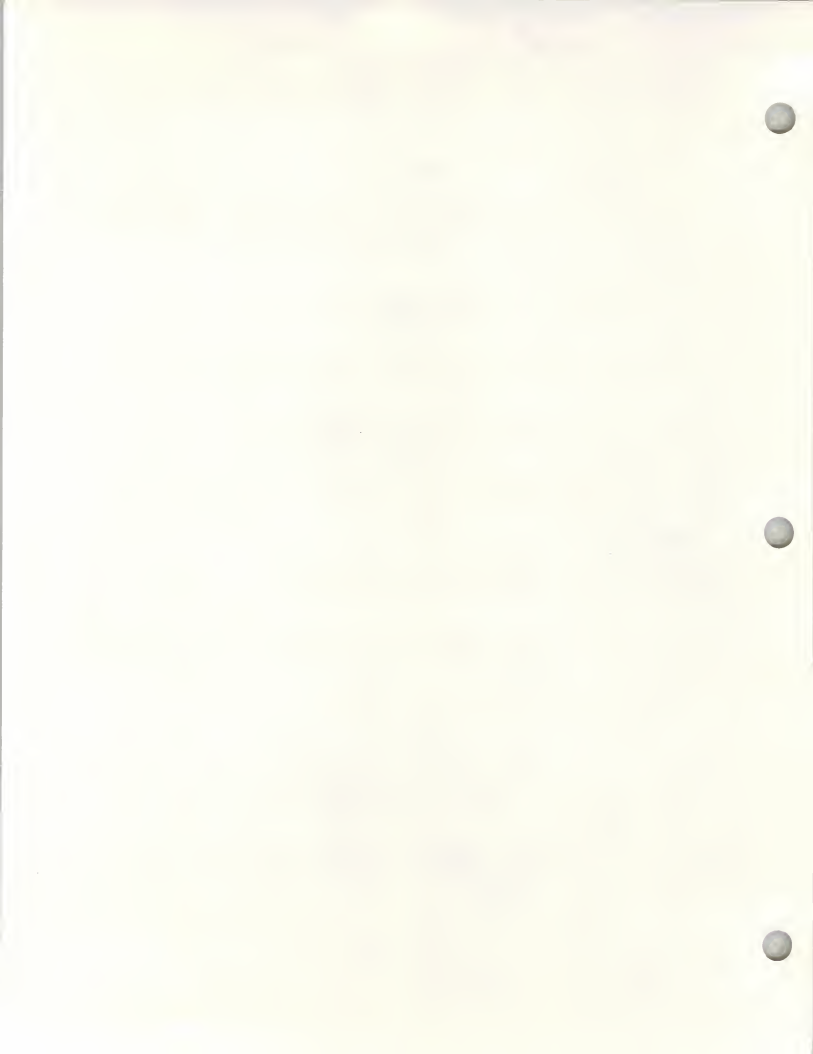
**INFORMIX CORPORATION  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR					
	1988		1987		1986	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
U.S.	\$58.5	56%	\$45.3	66%	\$28.2	78%
International						
- Export sales	24.3	24%	15.9	23%	6.6	18%
- European operations	20.7	20%	7.3	11%	1.4	4%
<b>TOTAL</b>	<b>\$103.5</b>	<b>100%</b>	<b>\$68.5</b>	<b>100%</b>	<b>\$36.2</b>	<b>100%</b>

Income before taxes from foreign operations accounted for 405% and 13% of consolidated income before taxes in 1988 and 1987, respectively.

Domestic sales offices are located in Atlanta (GA); Boston (MA); Chicago (IL); Dallas (TX); Denver (CO); Detroit (MI); Los Angeles, Newport Beach, and San Francisco (CA); Minneapolis (MN); Newark (NJ); New York (NY); Portland (OR); Philadelphia and Pittsburgh (PA); Phoenix (AZ); Seattle (WA); St. Louis (MO); and Washington, D.C.

Informix has international subsidiaries in the U.K., Germany, the Netherlands, France, Spain, Sweden, Australia, and Canada. The company also has distributors in 34 countries.



## COMPANY PROFILE

### INFORMIX CORPORATION

4100 Bohannon Drive  
Menlo Park, CA 94025  
(415) 322-4100

Roger Sippl, President and CEO  
Public Corporation, OTC  
Total Employees: 214  
Total Revenue, Fiscal Year End  
12/31/86: \$21,108,000

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### THE COMPANY

- Informix Corporation, through its wholly owned subsidiary, Informix Software, Inc., develops, markets, and supports relational data base management and application development systems software tools for MS-DOS, UNIX, VMS, and networked computer systems.
  - The company was founded in 1980 as Relational Database Systems, Inc. During August 1986 its name was changed to Informix Software Inc. and Informix Corporation was formed as its holding (parent) company. All of the operations of Informix Corporation are conducted through Informix Software.
  - In September 1986 Informix Corporation made an initial public offering of approximately 1.6 million shares of common stock, of which nearly one million shares were sold by the company and the remainder by selling shareholders. Estimated net proceeds from the sale were \$8.2 million.
  - Simultaneous to this offering Informix agreed to sell 330,554 shares of its common stock to Altos Computer Systems, a principal stockholder and customer of the company.
    - Net proceeds from this transaction were approximately \$2.3 million.
    - Altos now owns approximately 22% of Informix Software's outstanding common stock.
- 1986 revenue reached \$21.1 million, a 100% increase over 1985 revenue of \$10.6 million. Net income rose 110%, from \$1.2 million in 1985 to nearly \$2.5 million in 1986. A five-year financial summary follows:

INFORMIX CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	1986	1985	1984	1983	1982
Revenue	\$ 21,108	\$ 10,578	\$ 5,210	\$ 2,192	\$ 638
• Percent increase from previous year	100%	103%	138%	244%	395%
Income before taxes	\$ 4,647	\$ 2,118	\$ 1,015	\$ 187	\$ 156
• Percent increase from previous year	119%	109%	443%	20%	374%
Net income	\$ 2,463	\$ 1,174	\$ 620	\$ 169	\$ 141
• Percent increase from previous year	110%	89%	267%	20%	347%
Earnings per share	\$ 0.36	\$ 0.19	\$ 0.12	\$ 0.03	\$ 0.03
• Percent increase from previous year	89%	58%	300%	-	250%

- Informix management attributes increased sales and net income to the health of the mid-range computer business, increased interest in relational data base management systems and fourth generation application development tools, and the purchase of new Informix products by existing and new customers.
- Research and development expenditures were approximately \$2.4 million (12% of revenue) in 1986, \$1.5 million (14% of revenue) in 1985, and \$0.7 million (14% of revenue) in 1984.
- As of December 31, 1986, the company had approximately 214 employees. The company currently has approximately 250 employees.
- For the three months ending March 28, 1987 revenue reached \$7.1 million, a 72% increase over \$4.2 million for the same period in 1986. Net income for the period increased 130%, from \$349,000 to \$804,000.
- The chief competition for the company's products currently comes from the following products from the following vendors:
  - ORACLE, from Oracle Corporation.
  - Ingres, from Relational Technology, Inc.
  - Unify, from Unify Corporation.
  - dBASE II and dBASE III, from Ashton-Tate.

## KEY PRODUCTS AND SERVICES

- One hundred percent of Informix's 1986 revenue was derived from systems software product licenses and associated maintenance services.
- Informix software products are available for over 160 different models of computers from over 70 different computer manufacturers.
  - The company's software runs on the MS-DOS, UNIX, and VMS operating systems and certain networked environments.
  - Informix management believes the company has the largest installed base of relational data base management software for computers running the UNIX operating system and that it offers the widest range of data base management system programmer productivity tools that run on both the UNIX and MS-DOS operating systems.
  - Informix recently announced a mainframe product, Report/DB2, which provides an enhanced report writing facility for DB2 users.
- Informix's current software products are shown in the exhibit.
- Informix provides optional maintenance and update services to its customers. Annual fees generally range from 28% of list price on IBM PC computers to 10% of list price on mainframe computers. Maintenance consists of telephone support for technical product assistance, field engineering support, regularly published technical briefs, and, for an additional media and handling charge, software updates and new releases.
- Informix's future product development is focused toward:
  - Exploiting the strengths of multi-processor parallel processing hardware as data base machines.
  - Continued development of distributed data processing and distributed data bases.
  - Implementation of current and future products for networks of multi-user computers and networks composed of combinations of single-user and multi-user computers.
  - Improvements to the company's products to provide greater speed and support for larger numbers of concurrent users.
  - Personal productivity human interface technology, such as support of windowed interfaces in certain products.
  - Adaptation of new products to the computer brands the company currently supports as well as to new brands of computers which represent attractive market opportunities.

## EXHIBIT A

## INFORMIX SOFTWARE PRODUCTS

PRODUCT	DESCRIPTION	YEAR INTRODUCED
INFORMIX-SQL	Relational data base management system.	1985
INFORMIX-4GL	Fourth generation applications development language.	1986
INFORMIX-ESQL/COBOL	Interface to INFORMIX-SQL data bases for COBOL programmers.	1985
INFORMIX	The company's original relational data base management system.	1981
C-ISAM	Library of C functions for maintaining indexed data files.	1981
INFORMIX-ESQL/C	Interface to INFORMIX-SQL data bases for C programmers.	1985
INFORMIX DATASHEET ADD-IN	Relational data base addition to Lotus 1-2-3.	1987
INFORMIX-TURBO	Data base server.	1987
REPORT/DB2	Report Generator.	1987

## INDUSTRY MARKETS

- Informix markets its products to end users (primarily in the manufacturing, banking and finance, and telecommunications industries) through its direct sales force, and to OEMs, VARs, and government system integrators in the U.S. and to OEMs and distributors internationally.
- It is estimated that Informix's 1986 revenue was derived approximately as follows:

Corporate end users	32%
OEMs	22
VARs	13
Government system integrators	12
International	13
Dealers	<u>8</u>
	100%

- End-user clients include Anheuser-Busch Companies, General Motors, GTE Data Services, Hewlett-Packard, McDonald's Corporation, Sheraton Reservations Corporation, TRW, Bank of America, Chemical Bank, Citicorp Home-owners, The First National Bank of Chicago, Goldman, Sachs & Co., The Stock Exchange (London), Manufacturers Hanover Trust, Ameritech Services, AT&T Communications, AT&T Technology Systems, Atlantic Bell, British Telecom, Mountain Bell, NYNEX Enterprises, Pacific Bell, and Southwestern Bell.
- OEM clients include Altos Computer Systems, AT&T Information Systems, Celerity Computing, Charles River Data Systems, CPT Corporation, Cromemco, Data General Corporation, Datapoint Corporation, Encore Computer Corporation, Fortune Systems Corporation, Gould Inc. (Computer Systems Division), Integrated Solutions (an NBI company), Intergraph Corporation, IBM, Lee Data Corporation, MAI Basic Four, Motorola Computer Systems, Northern Telecom, NCR Corporation, Ridge Computers, SCI Systems, Sequent Computer Systems, Sord Computer Corporation, Sperry Corporation, Tolerant Systems, and Zilog.
- Foreign OEM clients include AES Data (Canada), Bull Transac (France), Casio Computer Co., Ltd. (Japan), Honeywell Information Systems Italia (Italy), International Computers Limited (United Kingdom), Japan Systems Corporation (Japan), NEC Corporation (Japan), Northern Telecom Data Systems Limited (United Kingdom), Ing. C. Olivetti & Co., S.p.A (Italy), Multitech Electronics Inc. (Taiwan), Siemens AG (West Germany), Toshiba (Japan), and Triumph Adler AG (West Germany).
- Informix products are provided to the federal government primarily through system integrators such as General Motors-EDS (Federal Systems Group) and M-A/COM, as well as through direct sales. The company's government agency end users include the Internal Revenue Service, NASA, the U.S. Army, the U.S. Customs Service, the U.S. Navy, the U.S. Postal Service, the U.S. Treasury Department, and the GAO.

## INFORMIX CORPORATION

- As of August 1986, Informix had approximately 290 VARs, compared to 65 in December 1984.
- AT&T and its subsidiaries accounted for 14% and 18% of Informix's revenue in 1986 and 1985, respectively.

### GEOGRAPHIC MARKETS

- Informix's 1986 and 1985 revenue was derived approximately as follows:

	<u>1986</u>	<u>1985</u>
U.S.	76%	85%
International	<u>24</u>	<u>15</u>
	100%	100%

- U.S. field sales and support offices are located in Atlanta, Boston, Chicago, Dallas, Detroit, Washington, D.C., New Jersey, and Connecticut.
- International offices are located in Paris, Munich, London, and Toronto.
- The company has international distributors in Japan, West Germany, Israel, France, New Zealand, Denmark, Taiwan, the United Kingdom, Italy, Australia, The Netherlands, Sweden, and South Africa.

### COMPUTER HARDWARE AND SOFTWARE

- Informix has a variety of computers installed for product development and client support.



# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

April 1995

## Informix Software

Chairman,  
President & CEO: **Phillip White**  
Corporate Headquarters  
4100 Bohannon Drive  
Menlo Park, CA 94025  
Phone: (415) 926-6300  
Fax: (415) 926-6593

Status:	Public
Employees:	2,200(12/94)
Revenue:	\$468,697,000
Fiscal Year End:	12/31/94

### Key Points

- Informix provides database technology to build, deploy, run and evolve applications.
- In January 1995, Informix acquired the database division of ASCII Corporation of Tokyo (Japan), through the joint venture—Informix ASCII K.K.—formed in October 1994 to carry out the acquisition.
- In December 1994, Informix formed a data warehousing alliance with Hewlett-Packard

to provide client/server-based data warehousing solutions.

- In August 1994, Informix agreed to license and embed Tivoli Systems' TME Architecture into its INFORMIX-OnLine Dynamic Server.
- In July 1994, Informix introduced INFORMIX-NewEra™, its next generation client/server application development tool.

### Company Description

Informix Software, founded in 1980, designs, develops, manufactures, markets and supports distributed database management systems, and object-oriented graphical- and character-based applications development tools for delivering information to most

significant desktop platforms. The company also offers training, consulting and maintenance services to its customers.

### **Structure and Operations**

Informix sells its products through three internal sales organizations—North America; Europe, Middle East and Africa; and Intercontinental (includes Latin America, Asia/Pacific and Japan).

- The North American sales organization has sales offices in the U.S., Canada, Mexico and Brazil and uses independent distributors to sell products throughout North and South America.
- The Europe, Middle East and Africa sales organization, headquartered in the U.K., has sales offices in 15 European countries and uses independent distributors to sell products throughout the rest of Europe, the Middle East and Africa.
- The Intercontinental sales organization, headquartered in Singapore, has sales offices in 10 countries and also uses independent distributors to sell products. The company has subsidiaries in 26 countries.

Informix has U.S. regional offices in Albuquerque (NM), Atlanta (GA), Austin (TX), Bentonville (AR), Boston (MA), Brisbane (CA), Chicago (IL), Cincinnati (OH), Dallas (TX), Denver (CO), Detroit (MI), Downers Grove (IL), Houston (TX), Indianapolis (IN), Irvine (CA), Lenexa (KS), Los Angeles (CA), Menlo Park (CA), Minneapolis (MN), New York (NY), Phoenix (AR), Pittsburgh (PA), Portland (OR), Rockville (MD), Sacramento (CA), Salt Lake City (UT), Sarasota (FL), Seattle (WA), Somerset (NJ), St. Louis (MO), Tampa Bay (FL) and Washington (D.C.)

International offices are in Argentina, Australia, Austria, Belgium, Brazil, Canada, Czech Republic, France, Germany, Hong Kong, Ireland, Italy, Japan, Republic of Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, People's Republic of China, Philippines, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand and the U.K.

### **Company Strategy**

Informix's primary strategy is to address customer needs through core product technology that delivers real-world solutions. The goal is to deliver the right technology to customers worldwide, through the company's own direct sales efforts, as well as distribution channels and strategic partnerships.

#### *Market Strategy*

Informix has a multiple channel distribution strategy to maintain broad market coverage and product availability. The company combines its direct sales efforts with a number of partnerships and alliances to deliver the right combination of hardware, software and service to its customers. The company has implemented a new comprehensive user-based pricing model that will be applicable to all new products. This user-based pricing ties prices of products directly to the value customers derive from using Informix software.

#### *Product Strategy*

Informix believes in making strategic investments in leading technology companies in an effort to complement its own product development strategies. Informix's product strategies are focused on two key areas :

- Continuing the Dynamic Scalable Architecture™ (DSA) database technology launch by working on new releases of the OnLine Dynamic Server

- Bringing to market the next-generation database application tools with the release of the new object-oriented application development technology.

### Financials

Total 1994 revenue reached \$468.7 million, a 33% increase over 1993 revenue of \$352.9 million. Net income rose 18%, from \$56.1 million in 1993 to \$66.2 million in 1994. A five-year financial summary follows.

Revenue growth during 1994 can be attributed to the continued demand for the

company's database servers and connectivity products. In 1994, database servers, connectivity and tools products accounted for substantially all license revenues. The company also released several products that provided market-specific extensions and enhancements to the 4GL application development tools family.

Research and development expenditures were approximately \$60.4 million (13% of revenue) in 1994, compared to \$43.6 million (12% of revenue) in 1993 and \$28.8 million (10% of revenue) in 1992.

### Informix Software Five-Year Financial Summary (\$ Millions, except per share data)

Item	Fiscal Year				
	1994	1993	1992	1991	1990
Revenue	\$468.7	\$352.9	\$283.6	\$179.8	\$146.1
• Percent change from previous year	33%	24%	58%	23%	(a)
Income (loss) before taxes	\$103.43	\$87.7	\$61.7	\$13.4	\$(23.1)
• Percent change from previous year	18%	42%	360%	153%	(a)
Net income (loss)	\$66.2	\$56.1	\$47.8	\$12.6	\$(23.1)
• Percent change from previous year	18%	17%	279%	154%	(a)
Earnings (loss) per share (b)	\$0.98	\$0.83	\$0.74	\$0.21	\$(0.46)
• Percent change from previous year	18%	12%	252%	146%	(a)

(a) A change in the method of recognition of revenue was implemented during 1990.

(b) Per share amounts reflect the two-for-one stock splits (effected in the form of stock dividends) which were effective September 16, 1992 and June 14, 1993.

### Market Financials

The company's customers consist primarily of users, computer original equipment manufacturers (OEMs), value-added resellers (VARs), systems integrators, distributors and dealers. The company markets its products directly to users through its sales force and

indirectly to users through OEMs, VARs, distributors, dealers and systems integrators.

Major market sectors served include—finance, manufacturing, retail, telecommunications, hospitality, healthcare, oil & gas, media, transportation and government.

*Revenue Analysis by Product Line*

Approximately 78% of Informix's 1994 revenue was derived from licensing fees for its

software and 22% from its services. A three-year summary of source of revenue follows.

**Informix Software  
Three-Year Source of Revenue Summary  
(\$ Millions)**

	Fiscal Year					
	1994		1993		1992	
Products/Services	Revenue \$	Percent of total	Revenue \$	Percent of total	Revenue \$	Percent of total
License fees	\$363.8	78%	\$284.3	81%	\$237.4	84%
Services	\$104.9	22%	68.6	19%	46.2	16%
Total	\$468.7	100%	\$352.9	100%	\$283.6	100%

Approximately 53% (\$247.0 million) of total license revenue in 1994 was derived from licensing of database server and connectivity products and 25% (\$116.8 million) was from licensing of application development and desktop productivity tools.

Service revenue, which contributed 22% total 1994 revenue, consists of maintenance, training and consulting. The increase in service revenue in each of the past three years can be attributed to the continued growth of the installed customer base and the renewal of maintenance contracts. Informix continues to place importance on its support services as a source of revenue and in 1993, implemented a maintenance policy that encourages the purchase of first year maintenance upon the purchase of a license.

**Geographic Markets**

Approximately 46% (\$215.5 million) of Informix's 1994 revenue was derived from North America, 38% (\$176.0 million) from Europe and 16% (\$77.2 million) from other intercontinental sources.

**Investments**

Investments made by Informix during the past two years include the following:

- In January 1995, Informix acquired the database division of ASCII Corporation of Tokyo (Japan), through a joint venture—Informix ASCII, K.K., that was formed to carry out the acquisition.
  - The joint venture will be owned 90% by Informix and 10% by ASCII.
- Informix ASCII, K.K. acquired the database division assets and software licenses from ASCII Corporation for approximately 4.6 billion yen.
  - The ASCII database division had fiscal 1994 revenues of approximately 4.2 billion yen. The employees of the database division have been transferred to Informix ASCII, K.K.
- In November 1993, Informix signed an agreement with Frontec AB (formerly IDK Frontec), a privately held Swedish corporation, under which Informix acquired approximately 12% of Frontec AB for

approximately \$2.1 million. Frontec develops quick response system technology and is a supplier of electronic data interchange (EDI) technology.

- In May 1993, Informix signed an agreement with IntelliCorp, Inc. under which the company acquired approximately 15% of the common stock of IntelliCorp. Under the terms of the stock purchase agreement, Informix invested \$2.0 million in IntelliCorp with limitations on the number of additional shares the company may acquire in the future. IntelliCorp provides object-oriented design, development and delivery software for distributed applications.

### Employees

As of December 31, 1994, Informix had approximately 2,200 employees.

The company currently has 2,565 employees.

### Key Products and Services

Informix's product offerings include database servers and application development tools for creating client/server on-line transaction processing (OLTP) production applications, decision support systems and ad-hoc query interfaces and connectivity software.

The company's current software product offerings are summarized in Exhibits A, B, C and D.

#### Database Servers

The following is a list of Informix's server products:

- **INFORMIX-OnLine Dynamic Server**—A multithreaded parallel database server for managing larger, more complex business-critical databases.
- **INFORMIX-OnLine/Secure Dynamic Server**—Comprises all of the capabilities of

OnLine Dynamic Server with additional features for multi-level secure applications.

- **INFORMIX-OnLine**—A second-generation OLTP engine.
- **INFORMIX-OnLine/Optical**—Allows utilization of mass storage capabilities of optical disk subsystems for storing binary large objects
- **INFORMIX-OnLine Workstation Manual**—An on-line workstation manual that allows user to reference OnLine Dynamic Server or OnLine documentation through point-and-click interface.
- **INFORMIX-SE**—An SQL database engine designed for smaller organizations with limited MIS staffing or minimal database expertise.

- **C-ISAM®**—A library of C functions that manage indexed sequential access method files.

#### Connectivity Products

Connectivity products offerings include :

- **INFORMIX-STAR**—Provides the ability to access databases stored on multiple servers in the same transactions.
- **INFORMIX-NET**—Allows the off-loading of application processing from the server to a client workstation.
- **INFORMIX-Gateway™**—A UNIX-based connectivity tool with Distributed Relational Database Architecture™, that allows interoperability to IBM SAA databases such as DB2 and SQL/400 from Windows and UNIX clients.
- **INFORMIX-TP/XA**—A library of C functions that establishes the connection between

INFORMIX-OnLine and the transaction manager.

- **INFORMIX-Enterprise Gateway™**—A new connectivity product introduced in January 1995, that gives users SQL and Remote Procedure Call (RPC) access to over 60 relational and non-relational database management systems and file structures residing on more than 35 hardware platforms and operating systems.
- **INFORMIX-DCE/NET**—Introduced in January 1995, it delivers distributed computing services based on the Open Software Foundation (OSF) Distributed Computing Environment (DCE) specification.

#### *Enduser Information Access Tools*

Enduser access tools include:

- **INFORMIX-NewEra ViewPoint™**—Graphical database access tool designed to provide the user easy access to the database.

#### *Application Development Tools*

The Informix database tools include the following:

- **INFORMIX-NewEra**—A next-generation client/server development environment for creating scalable, high performance, enterprise-wide database applications.
- **INFORMIX-NewEra ViewPoint Pro**—A suite of graphical development tools for small- to mid-range database applications.
- **INFORMIX-4GL product family**—A comprehensive fourth-generation application development and production environment that provides power and flexibility to application development needs.

- **INFORMIX-HyperScript Tools**—A visual programming environment that enables developers to create graphical, decision-support applications for platforms, using UNIX and Windows operating systems.
- **INFORMIX-SQL**—A package of five interactive tools for creating character-based applications.
- **INFORMIX-ESQL**—Tools designed for developers to take advantage of SQL technology while building applications in C, COBOL, Fortran or Ada.
- **INFORMIX-Ada/SAME**—An SQL module language compiler extended to support Ada's advanced features.

#### *Third-Party Development Tools*

Informix has over 200 Informix InSync partners that offer a variety of products that expand the capabilities of the Informix application development environment in the following categories:

- Analysis and design
- Connectivity and APIs
- Database Administration Tools
- Development Languages
- Form Painters and Code Generators
- Imaging Tools
- Lifecycle Management
- Office Automation
- Publishing
- Report Writers and Query Tools
- Specialty Tools
- Statistical Analysis
- Windows End-User Tools
- Windows Application Development Tools



## Informix Software Products

Exhibit A  
Database Servers

INFORMIX-OnLine Dynamic	Next generation parallel processing database server
•INFORMIX-OnLine/Secure Dynamic Server	Has added features for multi-level secure applications
INFORMIX-OnLine	High-performance OLTP database server
•INFORMIX-OnLine/Secure	Has added features for multilevel secure applications
•INFORMIX-OnLine/Optical	Allows optical disk systems to store binary large objects
INFORMIX-OnLine Workstation	Allows reference of OnLine documentation
INFORMIX-SE	SQL-based database engine for smaller applications
C-ISAM	Library of C functions

Exhibit B  
Connectivity Products

INFORMIX-STAR	Distributed database software for UNIX
INFORMIX-NET	Allows Informix database applications to be implemented with client/server architecture
INFORMIX-Gateway with DRDA	Integrates DB2™ and SQL400 with Informix applications
INFORMIX-TP/XA	Links INFORMIX-OnLine to X/Open XA
INFORMIX-DCE/NET	Provides distributed computing services
INFORMIX-Enterprise Gateway	Provides transparent access to multiple enterprise data sources

Exhibit C  
Enduser Access Tools

INFORMIX-NewEra ViewPoint	Enables users to create their own decision-support applications
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## Exhibit D

### Application Development Tools

INFORMIX-NewEra	Next-generation client/server environment
INFORMIX-NewEra ViewPoint Pro	Graphical tools for small/mid-range applications
INFORMIX-4GL	Fourth-generation programming language
<ul style="list-style-type: none"> <li>• INFORMIX-4GL Rapid Development System (RDS)</li> </ul>	Fourth-generation language with pseudo-code system
<ul style="list-style-type: none"> <li>• INFORMIX-4GL Interactive Debugger</li> </ul>	Works with Rapid System to provide windowed environment for interactive debugging
<ul style="list-style-type: none"> <li>• INFORMIX-4GL Compiled</li> </ul>	4GL Compiler
<ul style="list-style-type: none"> <li>• INFORMIX-4GL Forms</li> </ul>	Code generator and form painter for data applications
<ul style="list-style-type: none"> <li>• INFORMIX-Menus</li> </ul>	Creates menus that can access other submenus, programs
<ul style="list-style-type: none"> <li>• INFORMIX-4GL/GX</li> </ul>	Works with 4GL.RDS to run character-based applications in graphical environments
<ul style="list-style-type: none"> <li>• INFORMIX-4GL/RF</li> </ul>	Allows recompilation of any INFORMIX-4GL RDS application to run over a radio frequency network
<ul style="list-style-type: none"> <li>• INFORMIX-TP/Toolkit</li> </ul>	Allows INFORMIX-4GL applications to run in conjunction with a transaction manager
INFORMIX-HyperScript Tools	Visual programming environment used to create applications in Windows, UNIX and Macintosh
INFORMIX-SQL	Menu-driven SQL RDBMS for UNIX and DOS
INFORMIX-ESQL/C	Interface to INFORMIX-SQL database for C programmers
INFORMIX-ESQL/COBOL	Interface to INFORMIX-SQL databases for COBOL users
INFORMIX-Ada/SAME	SQL module language compiler



### *Maintenance, Consulting and Services*

Informix offers two levels of software maintenance:

- Standard maintenance includes regular product updates, unlimited telephone support and Tech Notes (a quarterly publication from Informix to help customers with troubleshooting).
- Regency Support offers a higher level of service to customers with complex, on-line transaction-processing-based applications. Through Regency Support, customers have access to a dedicated engineer who is familiar with the application and access to an on-line bulletin board.

Professional services provided to software clients include the following :

- Consulting services provided to software customers support the analysis, design, implementation and production phases of database applications.
- Training courses cover every product offered by Informix and are tailored to specific skill levels/job functions. The courses are available at Informix Training Centers in cities across the U.S.

### **Clients**

Informix's major clients include—Visa International, United Airlines, Holiday Inn, Great Britain's Royal Air Force, Tops Appliance City, Sears Merchandise Group, GTE Telephone Operations (GTE), Freeport-McMoRan Inc., American Automobile Association (AAA), Home Depot, American Express Travel Related Services, Cray Systems, Kuwait Petroleum, Swiss Life and the United Kingdom's Royal Navy.

### **Marketing and Sales**

In the U.S., Europe and Latin America, the company distributes its products through channels of direct user licensing, OEMs, VARs addressing specific markets, systems integrators, distributors and dealers.

In other foreign countries, the company licenses its products to users primarily through VARs, distributors and OEMs.

In an attempt to maintain broad market coverage and product availability, the company has chosen a multiple channel distribution strategy. Discount policies and reseller licensing programs are designed to support each channel of distribution.

Informix has three separate internal sales organizations—North America; Europe, Middle East and Africa; and Intercontinental. The North American sales organization has sales offices in major cities throughout the U.S., Canada, Mexico and Brazil. The Europe, Middle East and Africa sales organization has sales offices in 15 European countries. The Intercontinental sales organization has sales offices in 10 countries.

### **Alliances**

During the last two years, Informix entered into the following agreements:

- In January 1995, Informix formed a joint development and marketing agreement with Texas Instruments (IT) to integrate the IT Composer by IEF™ client/server application development tool with the INFORMIX-OnLine Dynamic Server.
- In December 1994, Informix formed an alliance with Hewlett-Packard (HP) to provide client/server-based data warehousing solutions.

- In October 1994, Informix agreed to form a joint venture with ASCII Corporation, in order to acquire ASCII's database division in Japan. The joint venture was called Informix ASCII, K. K.
- In August 1994, Informix entered into an agreement with Tivoli Systems, under which Informix will license and embed Tivoli's TME Architecture into its INFORMIX-OnLine Dynamic Server.
- In August 1994, Informix agreed with Open Horizon, Inc., to license core technology from Open Horizon to create a new connectivity product providing distributed computing services based on Open Software Foundation (OSF) Distributed Computing Environment (DCE) specification.
- In November 1993, Informix and Microsoft Corporation jointly launched a worldwide sales and marketing campaign to promote a client/server software package consisting of the INFORMIX-SE Client/Server Software Developer's Kit (SDK) and Microsoft's Windows NT™ Advanced Server operating system.
- In May 1993, Informix signed an agreement with IntelliCorp, Inc., a developer of visual front end technology.
- In January 1993, the company entered into an exclusive license agreement with CS Computing Services, Inc., of Toronto, Canada. The agreement gives CS Computing Services the exclusive worldwide distribution rights of the company's SmartWare® version 3.10 and SmartWare II version 1.5 office integration software packages.

## **Competition**

The chief competition to Informix is provided by Oracle Corporation, Sybase Corporation. The ASK Group, Inc. (Computer Associates International, Inc.), Progress Software and to some degree by IBM, Microsoft and suppliers of third-party tools such as Gupta Technologies, Powersoft Corporation, Uniface Corporation and Unify Corporation.

## **INPUT Assessment**

Informix is currently the number three independent RDBMS vendor in terms of revenue, but number one in terms of licenses for the UNIX RDBMS market.

Informix has an industrial strength database that competes on a UNIX platform with those offered on mainframes. It is ideal for corporations that want to replace their mainframe applications with those running on UNIX.

Informix was the first to offer a product in the RDBMS market with parallel database processing capabilities.

Informix is working to develop strong relationships with graphical user interface (GUI) builders and to port Informix products to work with their products. In the last year, the company has successfully partnered with major VARs, such as SAP and PeopleSoft.

Informix's strengths include:

- Parallel processing database architecture
- Successful transition to a majority of worldwide sales being through direct sales rather than indirect channels, particularly for the U.S. and Europe markets
- Providing a high level of service and support for the transition to direct sales

Challenges include:

- Successfully launching Extended Parallel Server, Informix's implementation of Dynamic Scalable Architecture for shared nothing environments such as MPP
- Continuing to garner new business for the company's next-generation 4GL, NewEra.



## COMPANY PROFILE

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### **INGRES CORPORATION**

1080 Marina Village Parkway  
Alameda, CA 94501  
(415) 769-1400

Gary J. Morgenthaler, Chairman  
Paul E. Newton, President and CEO  
Public Corporation, NASDAQ  
Total Employees: 1,100 (8/89)  
Total Revenue, Fiscal Year End  
6/30/89: \$130,716,000

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### **The Company**

Ingres Corporation develops, markets, and supports data base management and application development systems software products. The company's principal product is the INGRES relational data base management system.

The company was founded in 1980 as Relational Technology, Inc. and renamed Ingres Corporation in November 1989.

In May 1988, the company completed an initial public offering of 1.8 million shares of common stock. Net proceeds to the company were \$22.6 million.

Ingres Corporation's strategy is to address the need of large corporations, government agencies, and major universities for an integrated and distributed data management solution. The company intends to become a leading supplier by building on its strength in the DEC and UNIX markets.

In April 1990, Ingres Corporation disclosed that it is discussing a possible minority equity investment and a broader technology and business partnership with DEC.

Fiscal 1989 revenue reached \$130.7 million, a 50% increase over fiscal 1988 revenue of \$87.4 million. Net income declined 17%, from \$7.5 million in fiscal 1988, to \$6.2 million in fiscal 1989. A five-year financial summary follows:

**INGRES CORPORATION  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ millions, except per share data)**

ITEM	FISCAL YEAR					
	6/89	6/88	6/87	6/86	6/85	CAGR
Revenue	\$130.7	\$87.4	\$46.6	\$28.1	\$17.3	66%
• Percent increase (decrease) from previous year	50%	88%	65%	63%	128%	
Income before taxes	\$10.2	\$12.4	\$4.0	\$2.2	\$0.6	103%
• Percent increase (decrease) from previous year	(17%)	213%	79%	264%	174%	
• Gross margin	8%	14%	9%	8%	3%	
Net income	\$6.2	\$7.5	\$2.5	\$1.7	\$0.6	79%
• Percent increase (decrease) from previous year	(17%)	201%	49%	200%	180%	
• Net margin	5%	9%	5%	6%	3%	
Earnings per share	\$0.50	\$0.76	\$0.29	\$0.23	\$0.08	58%
• Percent increase (decrease) from previous year	(34%)	162%	26%	188%	167%	

During the middle of fiscal 1989, Ingres Corporation introduced a substantially re-engineered version of its INGRES product. The slowdown in fiscal 1989 revenue growth was in part related to longer sales cycles in the middle of fiscal 1989 as the product transition occurred. Company management also believes that the overall industry growth rate slowed due to the increased length of sales cycles in general caused by rapid technological change throughout the marketplace.

- The company's product and customer base has grown during the past three years as the company has increased the types of computers and operating systems on which INGRES operates. However, licenses for use on DEC VAX computers have continued to represent a substantial portion of the license revenues in each of the past three fiscal years.
- Maintenance revenue has increased steadily, reflecting the growth of the company's customer base. Maintenance fees represented 16% of the total revenue for fiscal 1989.

- Research and development expenditures were approximately \$24.5 million (18.8% of revenue) in fiscal 1989, compared with \$14.7 million (16.8% of revenue) in fiscal 1988.

Revenue for the nine months ending March 31, 1990 reached \$107.9 million, a 29% increase over \$83.5 million for the same period in 1989. Net losses were \$441,000, compared to net income of \$1.7 million for the same period a year ago.

- Approximately 79% of revenue was derived from software licenses and 21% from maintenance.

As of August 1989, Ingres Corporation had 1,100 employees (753 in the U.S. and Canada and 347 in Europe and Australia), segmented as follows:

Sales and marketing	659
Product development	316
Management, administration, and finance	<u>125</u>
	1,100

The company currently has 1,200 employees.

Ingres Corporation's competitors, by market area, include the following:

- DEC VAX/VMS market: Digital Equipment Corporation (Rdb), Oracle Systems Corporation (ORACLE), and Sybase Corporation (DataServer).
- UNIX market: Informix Corporation (Informix), Oracle Systems (ORACLE), Sybase (DataServer), and Unify Corporation (Unify).
- IBM mainframe market: IBM (DB2 and SQL/DS) and Oracle Systems (ORACLE).
- Microcomputer market: Ashton-Tate (dBase II and III), Informix (Informix), and Oracle Systems (Oracle).

#### **Key Products and Services**

Approximately 84% of Ingres Corporation's fiscal 1989 revenue was derived from software product licenses and 16% from maintenance fees. A three-year summary of source of revenue follows:

**INGRES CORPORATION  
THREE-YEAR SOURCE OF REVENUE SUMMARY  
(\$ millions)**

	FISCAL YEAR					
	6/89		6/88		6/87	
ITEM	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Software licenses	\$109.2	84%	\$73.2	84%	\$40.9	88%
Maintenance	21.5	16%	14.2	16%	5.6	12%
<b>TOTAL</b>	<b>\$130.7</b>	<b>100%</b>	<b>\$87.4</b>	<b>100%</b>	<b>\$46.5</b>	<b>100%</b>

Ingres Corporation's principal product is the INGRES relational data base management system.

- INGRES supports SQL and closely conforms to the SQL implementation of IBM's DB2 and SQL/DS products, as well as the SQL standards approved by the American National Standards Institute and X/Open. INGRES also supports a proprietary version of QUEL, a command language used in engineering and scientific markets.
- INGRES Version 5.0 has been ported to a range of computers and operating systems.
- In March 1989, Ingres Corporation began shipments of INGRES Release 6 for DEC VAX/VMS systems. The multiserver architecture of this release is designed to take advantage of new high-speed multiprocessor computers recently released by DEC, Sequent Computer Systems, and other computer manufacturers.
  - By the end of fiscal 1989, Release 6 had also been ported to a number of UNIX-based computers.
- In January 1989, INGRES announced the availability of INGRES end-user and application development tools on DEC's new high-performance VAXstation 3100 and DECstation 3100 Desktop Systems.
- INGRES data base products are currently installed on more than 10,000 mainframes and minicomputer systems worldwide.



DEC VAX users comprise over 60% of the current customer base and UNIX-based system users account for another 30%.

- License fees for INGRES range from \$695 to \$10,000 for microcomputers and single-user and multinode workstations, and from \$6,000 to \$197,500 for minicomputers, multinode workstations, and mainframes.

INGRES application development tools include the following:

- INGRES/Forms allows the user to interactively define, create, and edit forms to be used by applications, with specifications for validation checks, ranges, and relative field values of data during entry.
- INGRES/Reports allows the user to lay out the format of a report visually on the screen as it would be seen on the printed page.
- INGRES/Graphics allows data to be displayed visually with many graph types, including bar charts, pie charts, multiline plots, and scatter plots (currently available for DEC VAX and certain UNIX environments).
- INGRES/4GL is an applications development system for developing applications rapidly without conventional coding.
- INGRES/Windows 4GL, introduced in April 1990, is a visual programming tool and fourth generation language development system for workstations.
- INGRES/Embedded Languages allow a user programming in a conventional language to make SQL commands within the regular program.

INGRES end-user tools include the following:

- INGRES/Menu is an interactive menu.
- INGRES/Query allows users to express queries and perform transactions by filling in the blanks on a form.
- INGRES/PC Link allows corporate microcomputer users to review the contents of INGRES data bases on certain larger computers, extract desired data, transfer the data across a network, and store the data in the users' microcomputer files.

Ingres Corporation's distributed data base management products include the following:

- INGRES/NET, introduced in 1984, allows the user to use the INGRES application development and end-user tools on his local computer while accessing data from an INGRES data base on a remote computer. INGRES/NET is designed to be independent of the underlying communications hardware and networking software and has been implemented on various industry standard networking protocols, including DECNET (Ethernet), TCP/IP, and SNA.
- INGRES/STAR, introduced in 1986, allows the user to access and use the data from INGRES data bases on multiple remote computers simultaneously, as if all the data were on the user's local computer.
  - INGRES/STAR is currently available for networks of DEC VAX computers running the VMS operating system and several computer platforms running UNIX.
- INGRES Gateways, introduced in 1988, allow the interconnection of Ingres Corporation's tools and relational DBMSs with other data bases and products.
  - During fiscal 1989, the company introduced INGRES Gateways to DEC's RMS and Rdb data bases and commenced shipments of INGRES Tools for Rdb.
  - Ingres Corporation has also entered into agreements to develop data base gateways to interconnect data bases using IBM's DB2, SQL/DS, and IMS products.

Ingres Corporation provides support and update packages for its software products as follows:

- A support package consists of technical support, including telephone consultation on the use of the products and problem resolution, and system updates for software products and user documentation.
- An update package consists of system updates only.
- A typical fee for an annual support or update package is approximately 15% and 7 1/2%, respectively, of the current initial license fee for the application license at the time of the renewal.

Alliances/joint ventures made over the past year include the following:

- In March 1990, Ingres Corporation and Price Waterhouse (PW) entered into a strategic marketing and subcontracting agreement that will allow current and future Ingres Corporation customers to implement applications based on INGRES using PW management consulting. The emphasis will be on large-scale custom application development and leveraged software implementation projects.
- DEC chose the INGRES application development and end-user tool kit to support its own strategic relational data base product, Rdb. DEC also announced its ULTRIX/SQL relational data base management system, which is modeled on INGRES Release 6, and is bundled with every copy of ULTRIX 4.x.
- Hewlett-Packard announced it would resell INGRES data base tools to develop applications on its own ALLBASE/SQL data base.
- Tandem announced plans to employ INGRES tools in support of its NonStop SQL relational data base management software.
- BiiN, a partnership of Siemens and Intel, is incorporating the INGRES data base into its full line of computers.
- INGRES software has been imbedded into The Santa Cruz Operation's new UNIX-based, DOS-compatible SCO Open Desktop.

### Industry Markets

The INGRES product line is targeted at Fortune 1000 companies and other large organizations in the manufacturing, automotive, telecommunications, federal, and education sectors.

- Manufacturing/industrial clients include The Boeing Company, Celanese Corporation, General Dynamics, General Electric, Honeywell, Lockheed, Martin Marietta, Polaroid Corporation, Upjohn Company, and Westinghouse Electric Corporation.
- Automotive clients include Chrysler, General Motors, Johnson Controls, Gencorp, and Navistar.
- Telecommunications clients include Alcatel, AT&T, Bell Canada, Bell South Services, British Telecommunications, Northwestern Bell, Southwestern Bell, and U.S. West.

- Federal clients include Agriculture Canada, Deutsche Bundespost, Jet Propulsion Laboratory, Lawrence Livermore Laboratory, NASA, U.K. National Health Service, U.K. Navy, and the U.S. Air Force, Army, Navy, Postal Services, and Departments of Defense and Interior.
- Education clients include Boston University, Carnegie Mellon University, Johns Hopkins University, London School of Economics, Massachusetts Institute of Technology, Princeton, University of California (Berkeley), University of Colorado, University of Michigan, and University of Wisconsin.

Ingres Corporation has OEM agreements with BiiN, British Telecommunications PLC, Concurrent Computer Corporation, Data General, DEC, ELXSI, Gould, Honeywell Bull, IBM (for RT and PS/2 computers running the AIX operating system), International Computers Limited, MIPS Computer Systems, Motorola Computer Systems Division, Pyramid Technology, Sequent Computer Systems, Tandem Computers, Teradata, and Unisys.

Ingres Corporation has also licensed a number of VARs to distribute INGRES in connection with their own software applications packages, including ASK Computer, Automatic Data Processing (Network Services Division), Computer Strategies, Datalogix, General Electric, Hughes Network Systems, Information Associates, Intergraph, Ross Ssystems, and Sematech.

### **Geographic Markets**

Approximately 60% of Ingres Corporation's fiscal 1989 revenue was derived from the U.S. and 40% from international sources. A three-year summary of source of revenue follows:

**INGRES CORPORATION  
THREE-YEAR GEOGRAPHIC SOURCE OF REVENUE SUMMARY  
(\$ millions)**

ITEM	FISCAL YEAR					
	6/89		6/88		6/87	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
U.S. (a)	\$79.0	60%	\$50.9	58%	\$34.1	73%
Europe	41.9	32%	30.7	35%	10.6	23%
Other	9.8	8%	5.8	7%	1.9	4%
<b>TOTAL</b>	<b>\$130.7</b>	<b>100%</b>	<b>\$87.4</b>	<b>100%</b>	<b>\$46.6</b>	<b>100%</b>

(a) Includes export sales to customers located primarily in Europe of \$2.1 million for fiscal 1988 and \$3.7 million for fiscal 1987.

Ingres Corporation has over 45 offices worldwide.

- The company sells and supports its products from its headquarters in Alameda (CA) and from U.S. field offices located in the metropolitan areas of Atlanta, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Houston, Los Angeles, Minneapolis, New York, Pittsburgh, Rochester, Saddlebrook (NJ), St. Petersburg, San Diego, San Francisco, Seattle, Washington, D.C., and Wilton (CT).
- Canadian offices are located in Calgary, Montreal, Ottawa, Toronto, and Vancouver.

International subsidiaries license and support the company's products in Australia, Austria, Belgium, Denmark, Finland, France, Greece, Hong Kong, Indonesia, Ireland, Israel, Italy, Japan, Luxembourg, the Middle East, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the U.K., and West Germany.

The company has international distributors in Austria, Denmark, Finland, Greece, Indonesia, Ireland, Israel, Italy, Japan, the Middle East, New Zealand, Norway, Portugal, Spain, Sweden, and Turkey.



## COMPANY PROFILE

INNOVATIVE SOFTWARE, INC.  
9875 Widmer Road  
Lenexa, KS 66215-9990  
(913) 492-3800

Michael J. Brown, President  
Public Corporation: OTC  
Total Employees: 150 (6/86)  
Total Revenue, Fiscal Year End  
6/30/86: \$13,463,979

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### THE COMPANY

- Innovative Software, Inc., founded in 1979, develops, markets, and supports the SmartWare® family of microcomputer software products for business applications.
- In June 1986 Innovative Software completed its second public offering of 784,000 shares of common stock. Of the shares sold, 584,000 shares were offered by the company and 200,000 shares were offered by selling shareholders. Net proceeds of \$6.5 million will be used for expanded marketing, new product development, and other general corporate purposes.
- Fiscal 1986 revenue reached \$13.5 million, a 121% increase over fiscal 1985 revenue of \$6.1 million. Net income for fiscal 1986 reached \$2.7 million, compared to net losses of \$2.3 million in fiscal 1985. A five-year financial summary follows:

INNOVATIVE SOFTWARE, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	6/86	6/85	6/84	6/83	6/82
Revenue	\$ 13,464	\$ 6,090	\$ 2,332	\$ 1,675	\$ 666
• Percent increase from previous year	121%	161%	39%	152%	684%
Income (loss) before taxes and extraordinary item	\$ 2,692	\$ (2,282)	\$ (1,899)	\$ 292	\$ 158
• Percent change from previous year	218%	(20%)	(750%)	85%	*
Net income (loss)	\$ 2,692(a)	\$ (2,282)	\$ (1,763)	\$ 208	\$ 106
• Percent change from previous year	\$ 218%	(29%)	(948%)	96%	*
Earnings (loss) per share	\$ 1.31	\$ (1.23)	\$ (1.02)	\$ 0.16	\$ 0.08
• Percent change from previous year	207%	(21%)	(738%)	100%	-

\*Percent change exceeds 1,000%

(a) Includes realization of net operating loss carryforward of \$1,144,000

- Innovative Software management attributes increases in revenue during fiscal 1986 to the strong and continued acceptance of its Smart Software System and to the successful implementation of sales and marketing programs during the year. Net profits were attributed to improved economies of production combined with effective management of resources and expenses.
- Research and development expenditures were \$944,389 (7% of revenue) in fiscal 1986, \$886,256 (15% of revenue) in fiscal 1985, and \$526,909 (23% of revenue) in fiscal 1984.
- Revenue for the six months ending December 31, 1986 reached \$7 million, compared to \$5.4 million for the same period in 1985. Net income was \$630,841 compared to net income of \$1.2 million for the same period a year ago. Declines in net income were attributed to a 68% increase in selling, general, and administrative expenses in anticipation of increased sales during fiscal 1987.
- As of June 30, 1986, Innovative Software had 150 employees, segmented as follows:



Sales and marketing	72
Customer service and support	25
Research and product development	18
Production and assembly	20
General and administrative	<u>15</u>
	150

- The company currently has 160 employees.
- Major competitors for integrated software systems include Aston-Tate and Lotus Development Corporation. Other competitors include Microsoft, MicroPro, and Software Publishing.

### KEY PRODUCTS AND SERVICES

- One hundred percent of Innovative Software's fiscal 1986 revenue was derived from the sale of microcomputer software products.
- Innovative Software's principal product, The Smart Software System, consists of The Smart Word Processor with Spellchecker, The Smart Data Base Manager, and The Smart Spreadsheet with Graphics.
  - The system also features a time/appointment manager, full asynchronous communications capabilities, and The Smart Programming Language for custom application development.
  - In January 1987 Innovative Software announced the release of The Smart Software System Version 3.1 which features a "network ready" capability, allowing the program to be used as either a single or multi-user package.
  - The software, which runs on IBM and compatible microcomputers, is available as an integrated package for \$895, including local area network (LAN) access for one workstation. Additional workstation access is available at \$595 each.
  - The Smart Software System's modules are also available as standalone applications.
    - Smart Data Base Manager is priced at \$695, including LAN access for one workstation. Additional workstation access is available at \$199 each.
    - Smart Spreadsheet with Graphics is priced at \$495, including LAN access for one workstation. Additional workstation access is available at \$199 each.
    - Smart Word Processor with Spellchecker is priced at \$395, including LAN access for one workstation. Additional workstation access is available at \$199 each.

## INNOVATIVE SOFTWARE, INC.

- In April 1986 Innovative Software released a UNIX version of The Smart Software System co-labeled with AT&T Information Systems and designed to run on the UNIX PC (AT&T 7300 and 3B1 computers).
- In January 1987 Innovative Software announced an agreement with NCR Corporation whereby NCR will market a co-labeled UNIX version of The Smart Software System ported to the full line of NCR Tower computers.
- There are currently over 100,000 Smart Software installations.
- Innovative Software provides telephone support services for its products to end users, dealers, distributors, and OEMs. During fiscal 1986, the company also instituted a Corporate Training Program to offer its corporate customers hands-on classroom instruction.

### INDUSTRY MARKETS

- Approximately 89% of Innovative Software's fiscal 1986 revenue was derived from sales through dealers and distributors. Revenue under licensing agreements with OEMs and corporate customer site licenses accounted for the remaining 11% of revenue.
  - Domestic software distributors for Innovative Software products include Softsel Computer Products, Ingram Software, and Micro-D.
  - Retailers of Innovative Software products include ComputerLand, Businessland, Compushop, Entre, Microage, Sears Business Centers, Tandy, as well as many independently-owned computer stores.
  - Innovative Software has also expanded its National Accounts Program for corporate clients. Volume purchasers include Babcock & Wilcox, Delta Air Lines, GTE, Rockwell International, Marshall Field & Company, and Boeing.
- During fiscal 1987, the company plans to expand its National Accounts effort; to focus on other channels of distribution, including value-added resellers of office networks and OEMs interested in marketing UNIX versions of Smart; and to increase its commitment to foreign markets.

### GEOGRAPHIC MARKETS

- Approximately 83% of Innovative Software's fiscal 1986 revenue was derived from the U.S. Export sales, principally to Canadian and British customers, accounted for 17% of fiscal 1986 revenue.
- Innovative Software has U.S. sales offices in Atlanta, Boston, Chicago, Dallas, Los Angeles, New York, Pittsburgh, San Francisco, Tampa, and Washington, D.C. An international sales office is located in London.

- Innovative Software's products are distributed in the U.K., Canada, Australia, France, Germany, Italy, Switzerland, Austria, Norway, Sweden, Denmark, The Netherlands, and Japan.

#### COMPUTER HARDWARE AND SOFTWARE

- Innovative Software has the following computers installed:
  - 125 IBM and compatible microcomputers, MS-DOS.
  - 10 NCR/AT&T microcomputers, UNIX.



# FINANCIAL UPDATE TO PROFILE DATED OCTOBER 1983\*

**INNOVATIVE SOFTWARE, INC.**  
9875 Widmer Road  
Lenexa, KS 66215  
(913) 492-3800

Michael J. Brown, President  
Public Corporation: OTC  
Total Employees: 80  
Total Revenue, Fiscal Year End  
6/30/85: \$6,090,298

## INNOVATIVE SOFTWARE, INC. FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM	FISCAL YEAR					10/02/80 to 6/30/81
	6/85	6/84	6/83	6/82		
Revenue	\$ 6,090	\$ 2,332	\$1,675	\$ 666		\$85
• Percent increase from previous year	161%	39%	152%	684%		N/A
Income (loss) before taxes	\$ (2,282)	\$ (1,899)	\$ 292	\$ 158		\$ 5
• Percent change from previous year	(20%)	(750%)	85%	*		N/A
Net income (loss)	\$ (2,282)	\$ (1,763)	\$ 208	\$ 106		\$ 3
• Percent change from previous year	(29%)	(948%)	96%	*		N/A
Earnings (loss) per share	\$ (1.23)	\$ (1.02)	\$ 0.16	\$ 0.08		-
• Percent change from previous year	(21%)	(738%)	100%	-		-

\*Percent change exceeds 1,000%

- Innovative Software's management attributes fiscal 1985 losses to increased expenses relative to prior periods. Higher expenses were due to increases in personnel, product development costs, and marketing costs relating to the introduction of the new SMART Software products in the first quarter of fiscal 1985.
- Product development costs of \$979,851 were up 64% over the prior period.

\*Replaces Financial Update of November 1984

- Sales and marketing costs increased 91%, primarily due to the introduction of SMART Software.

#### SOURCE OF REVENUE

- One hundred percent of Innovative Software's revenue for fiscal 1985 was derived from the sale of microcomputer software products.
- One-hundred percent of Innovative Software's revenue is derived from dealers, distributors, and OEMs. Revenue from foreign markets, principally to Canadian and British customers, accounted for 16% of fiscal 1985 revenue.

## COMPANY HIGHLIGHT

### INNOVATIVE SOFTWARE, INC.

9300 West 110th Street  
Suite 380  
Overland Park, KS 66212  
(913) 383-1089

Michael J. Brown, President  
Public Corporation: OTC  
Total Employees: 16  
Total Revenue, Fiscal Year End  
6/30/83: \$1,684,625  
Computer Services Revenue:  
\$1,622,692

### THE COMPANY

- Innovative Software, Inc. was incorporated in October 1980 as the successor to a general partnership formed by Michael Brown and Mark Callegari in August 1979. The company designs, sells, and supports business-oriented microcomputer applications software.
- Fiscal 1983 revenue increased 153% to \$1.7 million from \$666,392 in 1982. Net income increased 96% to \$208,470 from \$106,488. A financial summary of operations from the company's incorporation in October 1980 through fiscal year end June 1983 follows:

#### INNOVATIVE SOFTWARE, INC. FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM \ FISCAL YEAR	6/83	6/82	10/02/80 to 6/30/81
Revenue	\$ 1,685	\$ 666	\$85
• Percent increase from previous year	153%	684%	N/A
Income before taxes	\$ 292	\$ 158	\$ 5
• Percent increase from previous year	85%	3,060%	N/A
Net income	\$ 208	\$ 106	\$ 3
• Percent increase from previous year	96%	3,433%	N/A
Earnings per share	\$ 0.16	\$ 0.08	N/A
• Percent increase from previous year	100%	N/A	

INNOVATIVE SOFTWARE, INC.

- Management attributes the company's revenue growth to the introduction of additional configurations of its T.I.M. product, allowing it to operate on a variety of different microcomputers; increased consumer awareness resulting from advertising; and the expansion of the company's distribution network, particularly with the addition of ComputerLand and Sears Business Systems Center in 1982.
- Product development expenses amounted to approximately \$309,000 over the last two fiscal years, of which approximately \$280,000 was spent in fiscal 1983.
- Approximately 37% (\$620,000) and 16% (\$270,000) of fiscal 1983 revenue was derived from ComputerLand and Sears Business Systems Center, respectively.
- Innovative Software made its initial public offering of 530,000 shares of its common stock in August 1983. Estimated proceeds of \$4 million to \$4.4 million will be used for working capital, for possible acquisition of software companies, and for expansion of staff, operations, and product advertising.
- Advertising expenditures to promote existing and new products are estimated at \$2.5 million for fiscal 1984.
- As of June 30, 1983, the company had 16 employees, segmented as follows:

Marketing/sales	5
Product development	3
Customer service and support	3
Shipping and assembly	2
Management, administrative, and clerical	<u>3</u>
	16
- Innovative Software anticipates hiring approximately 11 additional employees during fiscal 1984, including five in marketing/sales and two each in customer service and support, shipping and assembly, and administration and finance.
- The company considers the following vendors and associated products to be its primary competitors: Microsoft's Multiplan, Micro Pro International's WordStar, Ashton-Tate's dBASE II, Lotus Development's 1-2-3, Software Publishing's PFS, Information Unlimited Software's (a division of Computer Associates International) EasyWriter and EasyFiler, and VisiCorp's VisiCalc.



## KEY PRODUCTS AND SERVICES

- Innovative Software's revenue for fiscal 1983 and 1982 was derived as follows (\$ thousands):

	6/83		6/82	
	<u>Revenue</u>	<u>Percent of Total</u>	<u>Revenue</u>	<u>Percent of Total</u>
Software products	\$1,623	96%	\$470	71%
Computer hardware	52	3	196	29
Interest income	<u>10</u>	<u>1</u>	<u>-</u>	<u>-</u>
	\$1,685	100%	\$666	100%

- The company discontinued its marketing of computer hardware, which consisted of Vector Graphic microcomputers, during the second half of fiscal 1982 in order to concentrate on software product sales.
- Innovative Software markets business-oriented software for use on a variety of microcomputers. The menu-driven, flexible products are programmed for ease of use by non-data-processing personnel.
  - The products run on IBM PC/XT and compatible microcomputers, including those from COMPAQ Computer, Columbia Data Systems, and Bytec Management.
  - Some products are also operational on non-IBM compatible microcomputers, including the Victor 9000, Wang Professional Computer (PC), Olivetti M-20, and Osborne 1.
  - Innovative is in the process of adapting several products for use on Digital Equipment and Texas Instruments microcomputers.
- The company currently markets the following three products, which interface with each other, in its Executive Series<sup>TM</sup>:
  - T.I.M.<sup>®</sup> (Total Information Management), a data base management system, is an enhanced version of the company's initial software product released in August 1980.
    - T.I.M. allows the operator to select methods of storage and retrieval and the shape, size, and purpose of the data base.
    - The system can initiate multiple file interactions allowing one file to update the contents of another, and it has capacity for over 32,000 records per file.

- T.I.M. interfaces with spreadsheet packages including VisiCorp's VisiCalc, Lotus Development's 1-2-3, and Microsoft's Multiplan.
- The product runs on the IBM PC/XT and compatible microcomputers under PC DOS and MS-DOS and on the Osborne 1 under CP/M, Victor 9000 under MS-DOS, and Wang PC under MS-DOS. T.I.M. will soon be available on the DEC Rainbow and Texas Instruments Professional Computer (PC).
- There are approximately 25,000 installations of the product, which has a suggested retail price of \$495.
- Fast Graphs<sup>T.M.</sup>, introduced in December 1982, is a full-color financial and graphics plotting package that produces point or line graphs, pie and bar charts, and various draw modes, and allows complete editing of graphs and charts including characters, shadowing, circles, boxes, arcs, points, and lines.
  - The product compares up to six sets of data on a single graph, scales axes and titles, and creates graph legends.
  - Fast Graphs interfaces with a variety of financial spreadsheet packages including VisiCalc, Multiplan, 1-2-3, and Sorcim's SuperCalc.
  - The product runs on IBM PC/XT or compatible microcomputers under PC DOS and on the Victor 9000 under MS-DOS and Olivetti M-20 under PCOS. It will soon be available on the Wang PC and Texas Instruments PC.
  - There are approximately 8,500 installations of Fast Graphs, which has a suggested retail price of \$350.
- Fast Facts<sup>T.M.</sup>, introduced in July 1983, is a basic file management program for business and personal use which incorporates a Report-Writer feature. The product interfaces with VisiCalc, 1-2-3, and Multiplan.
  - File forms can be designed to match existing paper forms or new forms may be created. The system accommodates up to 50 pages per form.
  - The system includes a Mailing List feature for printing mailing labels or filling out continuous forms such as checks, memos, and purchase orders.
  - Fast Facts runs on IBM PC/XT or compatible microcomputers under PC DOS and is being developed for use on other non-IBM compatible microcomputers.

- The product has a suggested retail price of \$195.
- Innovative Software has approximately 10 additional business-oriented software products in the planning or development stages.
  - Three integrated products including word processing, financial spreadsheet and graphics, and data base management packages are scheduled for release in late 1983.
  - A personal accounting and scheduling system is also under development.
- Innovative Software provides telephone support services for its products to both end users and dealers, distributors, and OEMs.
- Products scheduled for release during fiscal 1984, with the exception of the additional data base management system being developed internally by the company, are being developed by two contract program developers with a total of seven employees. The company also uses the developers for product enhancements.
  - Under an agreement with one of the developers, Innovative Software is licensed to market Fast Graphs and the planned financial spreadsheet and graphics system.
  - The company obtains ownership of products being developed under an agreement with its other contract developer.
  - Innovative Software makes royalty payments to the developers, typically ranging between 8% and 16% of gross product sales.
  - The company plans to develop future products under similar agreements providing only for royalty payments, making research and development costs negligible.

#### INDUSTRY MARKETS

- One hundred percent of Innovative Software's fiscal 1983 revenue was derived from dealers, distributors, and OEMs.
  - Dealers selling directly to end users and distributors selling at wholesale to dealers constitute the majority of Innovative Software's revenue (an estimated 80% in fiscal 1983).
  - Dealers selling the company's products include ComputerLands, Sears Business Systems Centers, Xerox Stores, CompuShops, Computer Marts, Entré Computer Centers, and many independent retailers.

## INNOVATIVE SOFTWARE, INC.

- Distributors of Innovative products include Softsel, Microhouse, and Software Wholesalers.
- The company markets its products through OEMs under two types of arrangements.
  - Two OEMs, Victor Technologies and Olivetti, stock and sell Innovative products to dealers.
  - Under a two-year contract signed with Columbia Data Systems in February 1983, Innovative's Fast Graphs software is bundled with the sale of each Columbia microcomputer at no additional cost to the customer. Columbia duplicates the software diskettes, reproduces the operation manuals, and packages the product.

### GEOGRAPHIC MARKETS

- Approximately 95% of fiscal 1983 revenue was derived from the U.S. and 5% from Canada, Europe, and Australia. The company intends to expand its international market during the next few years.
  - Baron A.G. of Geneva, Switzerland is Innovative's European distributor. Negotiations are in progress with distributors based in Tokyo.
  - An agreement similar to the one between Innovative and Columbia Data Systems has been reached with another firm based in Hong Kong.
- Innovative Software does not maintain any branch sales offices.

### COMPUTER HARDWARE AND SOFTWARE

- Innovative Software maintains the following equipment in Overland Park for customer support and internal use:
  - Approximately 20 IBM PC/XTs.
  - Approximately 20 additional microcomputers from COMPAQ Computer, Columbia Data Systems, Bytec Management, Victor Technologies, Olivetti, Wang, Osborne, Digital Equipment, and Texas Instruments.

# Vendor Profile

A Publication from INPUT's Vendor Analysis Program – U.S.

September 1995

## InPower

**President & CEO:** Michael Green  
2185 North California Boulevard  
Walnut Creek, CA 94596  
**Phone:** (510) 939-3900  
**Fax:** (510) 946-4891

**Status:** Private  
**Employees:** 175

### Company Description

InPower was formed in July 1995 by Integral Systems as a separate company to focus on client/server systems.

- InPower's strategy is to create and market client/server software for human resources (HR) and payroll applications.
- Integral was formed in 1972 to provide consulting and custom development of HR applications. It has evolved into a product company, acquiring and developing software, while continuing to sell services. Its focus is now on mainframe HR and financial solutions.

### Organization and Structure

InPower is headed by Michael Green who, for the last two years, headed customer service and marketing at Integral.

InPower's staff of 175 is primarily populated by ex-Integral employees. Key executives are summarized below:

- Steve Knowles recently joined InPower as VP Marketing from application development tools vendor, Business Objects. Earlier in his career Steve was Director of Interoperability Solutions at Sybase.
- Roxanne Paras, VP Client Services, manages four business units staffed by approximately 75 people who provide education, consulting, client management and technical support services for InPower's domestic and international clients. Roxanne

has 10 years of HR management experience, directing HR, payroll and benefits. She has also extensive implementation consulting experience with a variety of software vendors.

- Robert Trepper directs InPower's domestic and international sales and sales support operations. He came to InPower from Syntellect, a provider of voice processing solutions, where he served as VP of North American sales. From 1987 to 1990 he was Director of Sales and Marketing at TRW Financial Systems. He has 24 years of sales and customer service management experience in the high technology industry.
- John Eckstrom, InPower's VP of Product Development, joined the company in August 1995, having been VP of client/server development at Bank of America. Before that he was at TRW Financial Systems, a leader in financial document image processing.
- William Leckonby, who came from Tesseract to be Integral's CEO in 1993, is on InPower's board.
- Lee Klein, VP Business Planning, manages InPower's internal processes and oversees strategic decisions for products and services. Formerly VP of applications development, Klein managed the on-going design, development and introduction of the InPower Series, model-based client/server applications. She managed the design of relational database management systems for InPower and guided a group of business analysts and C/S engineers in capturing best business practices for the HR arena.

Currently InPower operates out of the same premises as Integral. The goal is to move it into its own premises in early 1996. It will then operate separate from Integral.

### Financials

InPower does not disclose financials, but with 25 customers paying an entry price of \$200,000, INPUT estimates 1995 revenues of under \$10 million for InPower.

The company can be expected to grow at least 40% annually over the next two years.

### Market Financials

InPower sells a cross-industry solution and is not specializing in vertical markets. However, InPower recognizes that different markets have different needs and the flexibility of its software design means that software can be adapted readily to meet new market requirements.

InPower's installed base spans manufacturing, retail, oil & gas, health services, financial services, transportation and government.

### Key Products and Services

The InPower Series has two application offerings—InPower HR and InPower Pay.

- The products run on Sun, IBM and Hewlett-Packard servers. Client machines are IBM-compatible PCs or Sun workstations.
- InPower supports a range of databases, primarily Oracle and Sybase, with DB2, Informix and ODBC databases as alternatives.

#### *InPower HR* supports:

- Staffing
- Total Compensation
- Work Force Development
- Labor
- Work Environment
- Structures Management

*InPower Pay* supports payroll processing. It is designed for corporations that want to do their own payroll processing, rather than offload it to a bank or processing services company, like ADP.

InPower provides supporting development tools—InPower Tools and InPower Models—that enable developers to encode business rules and organize workflow. InPower has taken the best business practices for HR and incorporated them in its product line. Companies can compare their business practices to those recommended by InPower.

- *InPower Tools* is a visual development tool that enables both users and IS staff to customize their software. The IS staff can determine which users are enabled to change the appearance of their code using the tools.
- *InPower Models* are designed to support business process reengineering (BPR) and enable corporations to map the flow of information.

InPower also resells Crystal Report Writer from Crystal Reports. This popular client/server report writer enables reports to be easily customized by users.

InPower's tools are chosen by companies that want an integrated CASE methodology. They are particularly useful to companies that are reengineering.

- Workflow is built into InPower's software, enabling HR information to be processed depending on events such as an employee's hiring or promotion.
- InPower integrates its tools with Integral's mainframe software to provide "blended solutions".

InPower pricing starts at \$195,000.

## Clients

Integral has traditionally been a player in the mainframe market, just below the largest companies. Integral has 1,800 customers worldwide. InPower's main customers are companies wanting to move their HR applications off a mainframe and reengineer their business processes.

Some customers choose to keep their payroll on mainframes to simplify security, but want InPower HR to move information to user PCs.

InPower has 25 customers/installations. The typical InPower customer wants to have a client/server HR solution and reengineer associated business processes. BPR is typically carried out by professional services firms like KPMG and Price Waterhouse who then provide the customer with a choice of HR packages. When InPower's software is selected, the InPower sales representative sells directly to the customer.

To create new features, InPower uses JAD (Joint Application Development). Groups of customers are shown prototypes of new features. They then help select those that are included in new product releases.

*DHHS - The Department of Health and Human Services* has chosen InPower because of its ability to reengineer business processes and flexibility. DHHS will help InPower market solutions to the government, being the first customer to customize the software for government hiring processes. DHHS will also provide a help desk and demo center for InPower to support other government agencies.

*Alcoa* has selected InPower's software in its Knoxville plant to manage data on 6000 employees using InPower HR and InPower



**Tools.** The system runs on HP 9000s with an Oracle relational database and server at Alcoa's Pittsburgh, PA headquarters.

### Marketing and Sales

Sales are direct. The role of third-party professional services and consulting firms is to help customers reengineer their HR systems. Professional services firms engaged in BPR refer leads to the InPower sales force, rather than reselling Integral's code.

### Alliances

Integral has historically worked with large services arms of accounting firms to promote its products. This works especially well for InPower in accounts that are reengineering their business processes.

InPower currently has four large professional services firms trained in its software. KPMG and Price Waterhouse are examples of Premier Partners that recommend InPower as an HR systems vendor. The Systems Consulting Group and Booz, Allen and Hamilton are other partners.

- Booz, Allen and Hamilton is working with InPower on the DHHS account.
- Eight representatives from Price Waterhouse, KPMG and Booz, Allen Hamilton have received InPower training.
- KPMG Peat Marwick LLP was InPower's first strategic alliance, announced in the second quarter of 1995. KPMG is focusing on government and higher education markets. KPMG can complement InPower's solutions by providing financial software that is installed in over 200 government and higher education accounts.

### Competition

InPower is chosen by companies that want a business modeling tool integrated with their HR software.

Major competitors include PeopleSoft, Cyborg and Oracle.

- PeopleSoft (Walnut Creek, CA) positions itself as the leading client/server HR vendor. Aggressive marketing, coupled with a well-designed user interface, has propelled its growth. It too offers development tools, but they are more like PC Windows development tools than CASE tools. They have less emphasis on BPR and more on cyclical development methods. PeopleSoft offers financials and logistics software, unlike InPower.
- Cyborg targets similar markets to InPower with a focus on HR solutions. Cyborg has a lower entry price and focuses less on customization. Cyborg is also stronger in established minicomputer accounts.
- Oracle sells its HR solutions with its database and usually as part of an applications suite. Oracle's main focus is on systems software, although in the last year it has put more emphasis on its applications.

SAP is preferred by large multinationals, particularly in manufacturing that want an integrated HR, financial and manufacturing solution. SAP emphasizes support for HR policies in different countries and targets large manufacturing multinationals.

Lawson Software provides midrange client/server HR solutions, but InPower typically serves installations that have a mainframe. In the longer term, Lawson could be a more serious competitor as InPower increases its market penetration.



## Outlook

As a separate company, InPower can move faster than Integral to compete with PeopleSoft. In the long run, InPower has the opportunity to outgrow Integral and be a highly successful venture. Short term, InPower will focus on HR applications. In the future, the company can be expected to add financials and other modules to support enterprise computing.

## INPUT Assessment

InPower has a management team that is experienced in selling and supporting HR solutions. It knows how to balance customization and standard product development. It also knows when to rely on partners for professional services, like BPR, that it does not provide.

### Exhibit 1

#### Management Strengths

- Focus on the HR client/server market
- Ability to balance service and product marketing
- InPower has a new management team with strong credentials and good track records

InPower has acquired both senior marketing and development executives recently. This strengthening of the management team is likely to cause some instability as the company gets established. In general, the changes should be viewed positively as they will enable InPower to adapt from its mainframe heritage to faster moving client/server markets.

To grow fast, InPower management can be expected to raise additional capital. Bringing in new investors offers the company an opportunity to enhance its valuation, thereby energizing its employees.

### Exhibit 2

#### Management Challenges

- Differentiate InPower from other HR vendors
- Manage the relationship with Integral
- Move fast
- Inject new capital and additional owners

InPower's software is most attractive to companies that want to reengineer their business processes when they purchase the software. Companies merely interested in automating paperwork are unlikely to purchase from InPower. The InPower software architecture enables users to customize their applications, but it also enables system administrators to enforce security controls. For example, only certain users may be allowed to modify their software.

### Exhibit 3

#### Product Strengths

- Supports business modeling
- Users can customize their systems
- Central IS can control security
- Modern, flexible architecture

InPower should consider having a low-end solution that can be sold by VARs and makes its solution more scalable. InPower is currently supporting leading server platforms from Sun, IBM and HP. The narrow range of platforms supported helps the company's profitability in the short term, but may hinder its ability to compete long term. To date, it has been skilled at selecting fast-growing leaders like HP and Oracle.

InPower needs to find innovative software developers that can augment its HR products. It is starting to attract information engineering consultants, but it needs to attract a wider range of VARs to enable it to

support branch offices and smaller accounts. It also needs VARs that can add modules to its products, thereby broadening its product line.

**Exhibit 4****Product Challenges**

- Provide a lower entry price
- Support a wider range of platforms
- Attract third parties to add functionality
- Differentiation on user features

Product differentiation is a concern. Currently, InPower is differentiating itself from competitors with technology and ease-of-customization. Client/server is no longer a differentiator and a flexible architecture will not be one for long. InPower has a marketing message that appeals to development staff and users wanting to customize applications. InPower will need to differentiate itself based on the solutions it can provide to users. InPower needs to evolve more modules to broaden its product range.

InPower can market more aggressively than its parent and focus its resources on new products. InPower needs to gain more mindshare and visibility like PeopleSoft. InPower plans to increase its promotional activities. These require a strong marketing message.

InPower risks being constrained by the size of its sales force. A strength of its direct sales strategy is that it provides close access to customers.

**Exhibit 5****Marketing Strengths**

- Separation from legacy image of parent
- Professional service alliances
- Ownership of the customer

Like Integral, InPower has the potential to be strong in Canada and the U.S. To be a global player, InPower needs to increase its support for international accounts. It may also consider alliances and partners with regional HR vendors overseas.

**Exhibit 6****Marketing Challenges**

- Differentiation
- Broader alliances
- Indirect channel management
- Overseas support

InPower has an exciting opportunity to challenge vendors like PeopleSoft. To do this it must execute rapidly and reliably.

## COMPANY BRIEF

Primary Industry-Specific Market: Federal Government

**Input Output Computer Services, Inc.**  
400 Totten Pond Road  
Waltham, MA 02254  
(617) 890-2299

CEO: Thomas Farrington, President  
Private Company

Employees: 250 (11/86)  
Revenue (FYE 6/30/86): \$15-20 million\*

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**The Company:** Input Output Computer Services provides professional services primarily using DEC equipment

**Source of Revenue:**

- Professional Services (100%)

**Key Services:**

- Professional Services
  - Services include custom software development, consulting, education and training, and facilities management
  - Application areas include financial, accounting, and planning/analysis/feasibility studies
  - Specializes in DEC equipment

**Target Industries:**

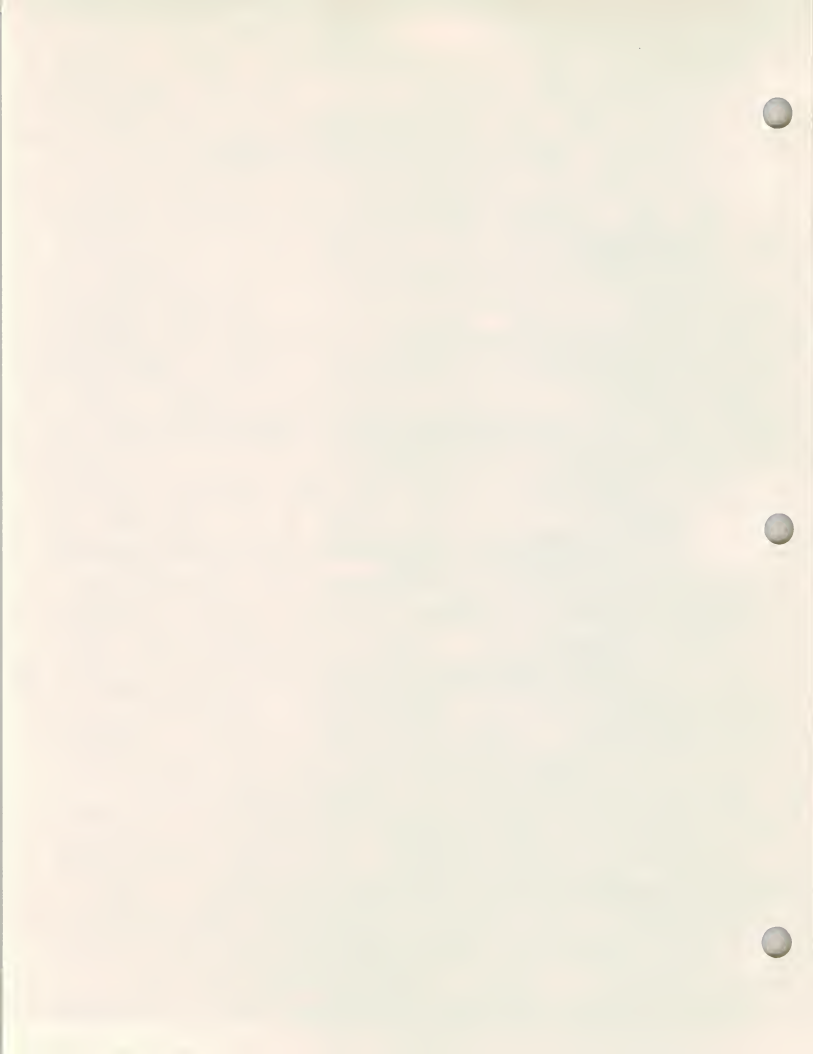
- Federal government
- Cross Industry financial applications

**Geographic Markets:**

- U.S. (100%)
- Sales Offices: Washington, D.C.

\*INPUT estimate

October 1986



## COMPANY HIGHLIGHT

**INSAC SOFTWARE INC.**  
2300 Peachford Road  
Suite 3235  
Atlanta, GA 30338  
(404) 452-7676

Joseph Ganem, President  
Subsidiary of Insac, Ltd.  
Total Employees: 65  
Total Revenue, Fiscal Year End  
12/31/80: \$3,500,000\*

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### PRINCIPAL BUSINESS

- Insac Software Inc., formerly known as Altergo Software Inc., markets systems software products. It was acquired in March 1980 by Insac, Ltd.

### FINANCIALS

- 1980 revenue is estimated at \$3.5 million, a 40% increase over 1979 revenue of \$2.5 million.
- Management expects 1981 revenue to reach approximately \$5 million.

### SOURCES OF REVENUE

95% Software products.  
5% Professional services.

### PRODUCTS AND SERVICES

- Insac Software Inc. specializes in marketing and maintaining a series of systems software products for IBM and IBM plug-compatible mainframe users. Products are currently installed at over 1,200 sites.
- Three software products, whose sales have contributed significantly to Insac's revenue, will no longer be marketed or supported by Insac as of the end of 1981:
  - Shadow II, a general-purpose telecommunications monitor.
  - Quota II, a productivity tool, for on-line development, editing, and maintenance of source programs in JCL.
  - System Manager, a resource management and control system for DOS/VS (E) users.
- Insac now markets two products, and plans to introduce several others before the end of 1981.

\*INPUT estimate

## INSAC SOFTWARE INC.

- CPG (Communications Program Generator), introduced in 1980, is a high-level language for the development and installation of on-line systems.
  - The system operates on IBM 360/370/43XX mainframes and equivalents under standard operating systems.
  - The system is priced from \$19,500 to \$26,500; 250 systems have been installed to date.
- GUTS (Gothenburg University Timesharing System), introduced in 1981, is a timesharing, remote job entry, source program maintenance and text editing system.
  - Features include: conversational RJE; full document processing; interactive compilation and execution of COBOL, PL/I, FORTRAN, and BASIC programs; syntax checkers; dataset and catalogue maintenance; and JCL processor.
  - The system operates on IBM 360/370 and equivalent computers under the OS, MFT, MVT, VS-I, SVS, and MVS operating systems.
- The company plans to introduce DATAMAN, a report writer, in late 1981. Previously offered by DATAMAN Ltd. of Calgary, the product has an installed base of over 600 users which Insac will support.
- Insac's professional services include consulting on software conversion, systems software, software/hardware evaluation, and education relative to IBM and plug-compatible mainframes.

### INDUSTRY MARKETS

- Revenue is evenly distributed across industry sectors.

### GEOGRAPHIC MARKETS

United States	85%
International (Canada, Mexico, South America)	15%

- Insac Software Inc. has regional offices in Atlanta, Boston, Chicago, Dallas, Los Angeles, Montreal (Canada), New York, and San Francisco.

### COMPUTER HARDWARE

- One IBM 4331 in Atlanta.

## COMPANY HIGHLIGHT

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5% Professional services.

### PRODUCTS AND SERVICES

- Insac Software Inc. specializes in marketing and maintaining a series of systems software products for IBM and IBM plug-compatible mainframe users. Products are currently installed at over 1,200 sites.
- Three software products, whose sales have contributed significantly to Insac's revenue, will no longer be marketed or supported by Insac as of the end of 1981:
  - Shadow II, a general-purpose telecommunications monitor.
  - Quota II, a productivity tool, for on-line development, editing, and maintenance of source programs in JCL.
  - System Manager, a resource management and control system for DOS/VS (E) users.
- Insac now markets only two products, though it plans to introduce several others before the end of 1981.

\*INPUT estimate

## INSAC SOFTWARE, INC.

- CPG (Communications Program Generator), introduced in 1980, is a high-level language for the development and installation of on-line systems.
  - The system operates on IBM 360/370/43XX mainframes and equivalents under standard operating systems.
  - The system is priced from \$19,500 to \$26,500; 250 systems have been installed to date.
- GUTS (Gothenburg University Timesharing System), introduced in 1981, is a timesharing, remote entry, and text editing system.
  - Features include: conversational RJE; full document processing; interactive compilation and execution of COBOL, PL/I, FORTRAN, and BASIC programs; syntax checkers; dataset and catalogue maintenance; and JCL processor.
  - The system operates on IBM 360/370 computers under the OS, MFT, MVT, VS-I, SVS, HASP, and JES operating systems.
- The company plans to introduce DATAMAN, a report writer, in late 1981. Previously offered by DATAMAN Ltd. of Calgary, the product has an installed base of over 600 users which Insac will support.
- Insac's professional services include consulting on software conversion, systems software, software/hardware evaluation, and education relative to IBM and plug-compatible mainframes.

## INDUSTRY MARKETS

- Revenue is evenly distributed across industry sectors.

## GEOGRAPHIC MARKETS

United States	85%
International (Canada, Mexico, South America)	15%

- Insac Software Inc. has regional offices in Atlanta, Boston, Chicago, Dallas, Los Angeles, Montreal (Canada), New York, and San Francisco.

## COMPUTER HARDWARE

- One IBM 4331 in Atlanta.



## COMPANY HIGHLIGHT

### INSCO SYSTEMS CORPORATION

3501 Route 66  
Neptune, NJ 07753  
(201) 922-5000

Richard F. Hespos, President  
Division of The Continental  
Corporation  
Total Employees: 1170  
Total Revenues Fiscal Year End  
12/31/79: \$45.3 million  
Non-Captive Revenues: \$3.6 million

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### THE COMPANY

- INSCO SYSTEMS Corporation was established in 1968 to act as the data processing arm of The Continental Corporation, a \$7 billion diversified financial company, and to market computer services on a commercial basis. In 1977, INSCO was formed into a divisional operation of its parent.
- In 1979, an estimated 92% (\$41.6 million) of INSCO's total revenues were captive to the parent organization, 70% of which was generated directly by The Continental Corporation and the balance from affiliated companies.
  - INSCO reports that non-captive revenues of \$3.59 million have increased by 24% over \$2.91 million in 1978. Marketing activities are aimed at strengthening the company's commercial business and an increase of 30% is projected for 1980.
- The five-year financial summary that follows shows that net income declined in 1979. INSCO attributes the loss to increased operating expenses incurred in the provision of a network system for the parent organization.

**INSCO SYSTEMS CORPORATION**  
**FIVE-YEAR FINANCIAL SUMMARY**  
(\$ Thousand, Except Per Share Data)

ITEM \ FISCAL YEAR	1979	1978	1977	1976	1975
Revenues	\$45,268	\$43,601	\$35,259	\$31,300	\$29,200
. % increase from previous year	4%	24%	13%	7%	N/A
Net Income	\$ 7,059	\$ 9,484	\$ 7,814	N/A	N/A
. % increase (decrease) from previous year	(26%)	21%	N/A	N/A	N/A
Non-Captive Revenue	\$ 3,590	\$ 2,900	\$ 3,443	N/A	N/A
. % increase (decrease) from previous year	24%	(16%)	N/A	N/A	N/A

- Computer services are provided by INSCO's services organization and through an affiliate, Princeton Financial Systems (P.F.S.).
  - Since 1967, P.F.S. has been engaged in the development of a variety of computerized portfolio services for institutional investors. Its principal clients are insurance companies and banks.
- INSCO is considering strengthening its position in the property and casualty insurance processing market through acquisitions.
- The 1,170 employees of INSCO are categorized by both function and organizational activity.

FUNCTIONAL

Systems analysts/programmers	685
Computer operators	232
Marketing/sales	25
General/administrative	228
<b>TOTAL</b>	<b>1,170</b>

ORGANIZATIONAL

Systems Division	
- Property/Casualty Group	340
- Commercial Group	330
Computer Network Division	480
Planning and Control Division	20
<b>TOTAL</b>	<b>1,170</b>

## COMPANY HIGHLIGHT/INSCO SYSTEMS CORPORATION

- Employment figures have fluctuated recently. A high point of 1,540 was reached mid-1978 at which time INSCO was actively engaged in a major project for The Continental Corporation.
- INSCO's primary competitor is Planning Management Systems, a subsidiary of Siebels, Bruce & Co.

### KEY PRODUCTS AND SERVICES

- INSCO's 1979 non-captive revenues are estimated as follows:

#### INSCO SYSTEMS CORPORATION 1979 REVENUE SOURCES

Service Type	% of Total	Revenue Value (\$ Thousand)
Processing services	96%	\$3,450
Software products	1	12
Professional services	1	49
Other (license fees)	2	81
TOTAL	100%	\$3,592

- Approximately 84% (\$2.92 million) of processing service revenues are generated from industry-specialized services for the insurance and publishing markets. The remaining 16% comes from general utility applications. The majority of processing is remote batch.
  - A profile of the network services and specific applications is presented in Exhibit A.
  - INSCO's most profitable applications are its accounting and statistical packages.
  - The fire/dwelling policy insurance system was introduced in 1980. Future applications will be targeted at enhancing its property and casualty offerings.
  - INSCO's investment portfolio analysis service provides insurance companies, banks, and financial organizations with a method of pricing their portfolios. The service includes the preparation of valuation and accounting reports and schedule D of the annual statement.

# EXHIBIT A

## INSCO SYSTEMS NETWORK SERVICES PROFILE

APPLICATION AREA/PRODUCT NAME	APPLICATION AREA/PRODUCT NAME
<ul style="list-style-type: none"> <li>• OPERATING ENVIRONMENT               <ul style="list-style-type: none"> <li>– IBM 370/168, 3033 VM, VMS</li> <li>– IBM 370/135, 148 DOS, OS</li> </ul> </li> <li>• PROGRAMMING LANGUAGES SUPPORTED               <ul style="list-style-type: none"> <li>– RPG                      – APAR S</li> <li>– BASIC                   – APL</li> <li>– COBOL                  – PL/1</li> <li>– ASSEMBLER            – FORTRAN</li> <li>– BRUIN                  – MORTRAN</li> <li>                            – FLECS</li> </ul> </li> <li>• DATA MANAGEMENT SOFTWARE               <ul style="list-style-type: none"> <li>– EASYTRIEVE</li> <li>– DATA MACS</li> <li>– RAMIS II</li> <li>– APLD I</li> </ul> </li> <li>• DATA BASES AVAILABLE               <ul style="list-style-type: none"> <li>– CITIBASE</li> <li>– STOCK-BOND PRICES</li> </ul> </li> <li>• GRAPHICS               <ul style="list-style-type: none"> <li>– TELLAGRAF</li> <li>– DISSPLA</li> </ul> </li> <li>• PROJECT MANAGEMENT               <ul style="list-style-type: none"> <li>– IPACS</li> <li>– E-Z-PERT</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• PUBLICATIONS, ADVERTISEMENT AND CIRCULATION BUSINESS SERVICES               <ul style="list-style-type: none"> <li>– INVOICING</li> <li>– STATEMENTS</li> <li>– DUNNING</li> <li>– AGED TRIAL</li> <li>– COLLECTION AGENCY CONTROL</li> </ul> </li> <li>• INSURANCE               <ul style="list-style-type: none"> <li>– GENERAL REPORT AND STATEMENT</li> <li>– CLAIMS PROCESSING/ACCOUNTS</li> <li>– WORKER COMPENSATION POLICY WRITING</li> <li>– FIRE DWELLING POLICY WRITING</li> <li>– DIRECT BILLING</li> <li>– AUTOMOBILE POLICY WRITING</li> <li>– HOMEOWNERS POLICY WRITING</li> <li>– AGENTS ACCOUNTING/GENERAL LEDGER SERVICE</li> <li>– INVESTMENT PORTFOLIO SERVICE</li> </ul> </li> <li>• OTHER               <ul style="list-style-type: none"> <li>– APL STAT</li> <li>– SOUPAC</li> <li>– CLI</li> <li>– APL GPSS</li> <li>– SCRIPT/370</li> <li>– SCRIPT W</li> <li>– ICS</li> <li>– SYMBUG – F AND C</li> </ul> </li> </ul>

## COMPANY HIGHLIGHT/INSCO SYSTEMS CORPORATION

- The company's distributed data processing offering is currently limited to in-house users. INSCO has installed 35 Computer Automation, SYFA minicomputers with 256K bytes of memory in branch locations. The system is designed to be used for policy writing and accounting. It is leased for \$10,000 per month.
- Software product sales account for 1% of non-captive revenues. Packages are designed for modular or integrated use. Software offered by INSCO is written in COBOL and operates on IBM 360/370 Systems. Applications are detailed as follows:

Product	Price
Automobile Policywriting	\$ 80,000
Homeowners Policywriting	100,000
Fire/Dwelling Policywriting	65,000
Claims Accounting	40,000
Direct Billing	25,000
General Report and Statement System	30,000

- INSCO has a licensing agreement to market Tellagraf and DISSPLA proprietary computer graphics products of Integrated Software Systems Corporation, and E-Z Pert, Syntonetics, Inc.'s project graphics package.
- INSCO derives 1% of its revenues from professional services. Management consulting services include work flow patterns, work simplification programs, and filing systems.
- The INSCO education center specializes in teaching computer programming and systems analysis.
- The company also offers the programmer knowledge survey, a test battery used by clients to determine the skill levels of OS/VS programmers.

## INDUSTRY MARKETS

- INSCO derives over 86% of its revenues from the insurance industry. The balance is drawn from discrete manufacturing, publishing, and real estate.

## GEOGRAPHIC MARKETS

- Clients are located throughout the U.S. and Canada.
- Concentrations are in the Northeast, Midwest, Mid-Atlantic, and Southwest.

## COMPANY HIGHLIGHT/INSCO SYSTEMS CORPORATION

- Branch offices are located in Atlanta, Chicago, Columbus, Dallas, Glen Falls (NY), New York, and San Francisco.
- Canadian operations account for 1% of revenues and are coordinated out of the branch office in Toronto.

### COMPUTER HARDWARE

- Computer equipment used for the network services includes:
  - One IBM 370/168, VM, MVS.
  - Two IBM 3033's, VM, MVS.
  - One IBM 370/135, DOS.
  - One IBM 370/148, OS.
- Clients access the network through Tymnet and Telenet.

→ Mr. W. Heddie Jr.  
SVP

#### COMPANY HIGHLIGHT

THE INSCO SYSTEMS CORPORATION  
3501 State Highway No. 66  
Neptune, NJ 07753  
(201) 922-1100

Francis B. Wadelton, President  
An affiliate of The Continental  
Corporation  
Total employees: 1200  
Total sales, fiscal year end  
12/31/76: \$31,300,000

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#### THE COMPANY

- The INSCO Systems Corporation, an almost totally captive processing company, was founded in 1968. It offers batch and utility processing and professional services.
- INSCO's 1976 revenues represented an increase of 7% over 1975 revenues of \$29.2 million.

#### KEY PRODUCTS AND SERVICES

- In 1976, batch and utility processing generated two-thirds of total company revenues. The remainder was from professional services: contract programming, education, and consulting.
  - More than 80% of INSCO's processing and software business is derived from its parent corporation, a \$6.1 billion financial services organization.
  - External revenues are derived primarily from specialty insurance services to external users.
- INSCO is taking a conservative approach to the commercial computer services market by developing and testing products on a regional basis before introducing them nationwide.
- Specific insurance products include policy writing, personnel management, agency billing and accounting, claims accounting, statistical worker compensation, and managing general agent services.
- Cross industry business products include administrative, data base management, project management, statistical analysis and simulation, manufacturing management, and portfolio analysis systems.

## COMPANY HIGHLIGHT/THE INSCO SYSTEMS CORPORATION

- Educational services are oriented to either training client personnel in computer usage or implementing/enhancing client in-house educational facilities for training computer programmers. INSCO's Programmer Knowledge Survey is utilized by a large number of firms in testing the skills of current or prospective employees.

APPLICATIONS INSCO only offers industry-specialized services for insurance and manufacturing companies. The general business applications are tailored to meet the needs of these industries.

INDUSTRY MARKETS More than 95% of INSCO's 1976 revenues were derived from the insurance industry. Remaining revenues were from discrete manufacturers.

### GEOGRAPHIC MARKETS

- While users are located throughout the U.S. and Canada, they are highly concentrated in the Northeast, which accounts for 80% of INSCO sales. Other revenue producers are the North Central and Southeast regions, and Canada. Branch offices are located in: Atlanta, Chicago, Columbus, Dallas, Glen Falls (NY), New York, San Francisco, and Toronto.
- Agents for selling utility processing are located in the following 29 states:

Alabama	Maine	Pennsylvania
Arizona	Maryland	South Carolina
Arkansas	Massachusetts	Tennessee
California	Minnesota	Texas
Connecticut	Nebraska	Vermont
Florida	New Hampshire	Virginia
Georgia	New Jersey	Washington
Indiana	New York	West Virginia
Kentucky	North Dakota	Wisconsin
Louisiana	Ohio	



#### COMPUTER HARDWARE AND SOFTWARE

- INSCO facilities consist of large interconnected IBM systems with the following mainframes:
  - 1 IBM 370/168 Neptune, New Jersey
  - 2 IBM 370/158s Neptune, New Jersey
  - 1 IBM 360/67 Neptune, New Jersey
  - 1 IBM 370/115 New York, New York
  - 2 IBM 360/50s Chicago, Illinois
  - 4 IBM 360/30s Columbus, Ohio  
Glen Falls, NY  
San Francisco, CA  
Toronto, Ontario
- All computers are linked to Neptune via a private line and WATS network with Sycor modems.



## COMPANY HIGHLIGHT

THE INSCO SYSTEMS CORPORATION  
3501 State Highway No. 66  
Neptune, New Jersey 07753  
(201) 922-1100

Francis B. Wadelton, President  
Wholly owned subsidiary of The  
Continental Corporation  
Total and computer services  
sales as of FY ending 12/75:  
\$29,200,000

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NUMBER OF EMPLOYEES engaged in computer services: 1118

KEY PRODUCTS/SERVICES: INSCO offers primarily batch services, which account for 70% of its computer sales; software services represent most of the remaining 30%. In addition to selling raw computer time, INSCO provides to the insurance industry policy writing, accounts payable and receivable, statistical services, and manufacturing management systems. Languages offered include COBOL, BASIC, FORTRAN, PL-1, RPG, Assembler.

APPLICATIONS: The few applications offered are insurance industry and general business oriented, for example, accounts payable and receivable.

INDUSTRY MARKETS: Almost entirely the insurance industry, and to a small extent, manufacturing.

GEOGRAPHIC MARKETS: While users are located throughout the U.S. and Canada, they are highly concentrated in the Northeastern region of the U.S., which accounts for 80% of INSCO sales. The next largest regions are North Central, Southeast, and Canada. Branch offices are located in:

- |                     |                             |
|---------------------|-----------------------------|
| • Atlanta, Georgia  | • Glen Falls, New York      |
| • Chicago, Illinois | • New York City, New York   |
| • Columbus, Ohio    | • San Francisco, California |
| • Dallas, Texas     | • Toronto, Ontario          |

Agents for selling raw time are located in the following states:

Alabama	Maine	Pennsylvania
Arizona	Maryland	South Carolina
Arkansas	Massachusetts	Tennessee
California	Minnesota	Texas
Connecticut	Nebraska	Vermont
Florida	New Hampshire	Virginia
Georgia	New Jersey	Washington
Indiana	New York	West Virginia
Kentucky	North Dakota	Wisconsin
Louisiana	Ohio	

March/1976

# COMPANY HIGHLIGHT/THE INSCO SYSTEMS CORPORATION

## COMPUTER HARDWARE AND SOFTWARE:

3	IBM 370/158s	1.5 megabytes	OS/VS2, HASP	Neptune, New Jersey
3	IBM 370/158s	1.5 megabytes	IMS/VS, OS/VS, OS/MVT, VM/CMS	Neptune, New Jersey
1	IBM 360/67	1 megabyte	ADABAS OS/MVT, HASP	Neptune, New Jersey
1	IBM 370/115		ADABAS DOS/VS, HASP	New York City
2	IBM 360/50s		RJE DOS, OS/MVT	Chicago, Illinois
4	IBM 360/30s		HASP, RJE DOS, HASP, RJE	Columbus, Ohio Glen Falls, NY San Francisco, CA Toronto, Ontario

All computers are linked to Neptune by private line and WATS network with Sycor modems.

## OVERALL ASSESSMENT AND TRENDS:

INSCO is set up as a spinoff of Continental Corporation, an insurance company, and INSCO's primary customer. Over 84% of its business is captive and from the parent. Thus, non-captive, outside services sales total under \$5 million. Most of the outside sales consist of raw computer time although INSCO has begun to offer specialized applications to the insurance industry. Outside sales will not exceed \$10 million by 1980 unless INSCO begins concentrating marketing efforts upon applications-oriented products.

## COMPANY HIGHLIGHT

INSLAW, INC.  
1125 15th Street, N.W.  
Suite 600  
Washington, D.C. 20005  
(202) 828-8600

William A. Hamilton, President  
Private Corporation  
Total Employees: 130  
Total Revenue, Fiscal Year End  
9/30/83: \$7,800,000  
Computer Services Revenue:  
\$7,200,000

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### THE COMPANY

- INSLAW, Inc., formed in January 1981 as a private corporation, provides applications software, processing, and consulting services for public and private sector legal management.
  - INSLAW was formed with the acquisition of the Institute for Law and Social Research of Washington, D.C. The Institute, as a nonprofit organization, provided research and development professional services for the automation of public sector legal operations for the U.S. Department of Justice. It had approximately 100 employees at the time of the acquisition.
  - INSLAW acquired the assets, staff, and contracts of the nonprofit firm.
- Fiscal 1983 revenue reached \$7.8 million, a 34% increase over fiscal 1982 revenue of approximately \$5.8 million.
  - INSLAW management estimates fiscal 1984 revenue will reach \$13 million and attributes the company's growth to its increased emphasis on marketing and cooperative software marketing relationships with several major hardware vendors.
- INSLAW is organized into four divisions and one subsidiary as follows:
  - The Systems Division customizes INSLAW software packages to meet users' specific requirements and assists in implementing these systems.
  - The Software Development Division maintains, enhances, and develops INSLAW software packages and provides documentation and ongoing user support.
  - The INSLAW-Net Division provides clients access to INSLAW software products via interactive processing services.

## INSLAW, INC.

- The Quantitative Analysis Division studies customer data tapes for management consulting and analytic support of legal data and develops decision support models which enable clients to use their data for policy-making purposes.
- INSLAW Europe Ltd., a wholly owned subsidiary headquartered in Dublin, markets INSLAW's products and services in Europe.
- As of September 30, 1983, INSLAW had 130 employees, segmented as follows:

Marketing/sales	5
Systems development and customer support	50
Programmers	30
Econometricians and analysts	10
Computer operations	20
General and administrative	<u>15</u>
	130
- As of November 1983 the company had 150 employees.

### KEY PRODUCTS AND SERVICES

- INSLAW's fiscal 1983 revenue was derived approximately as follows:

	Revenue (\$ millions)	Percent of Total
Computer services		
• Software products and services (licenses, training, and maintenance)	\$5.8	74%
• Processing services	<u>1.4</u>	<u>18</u>
Subtotal	\$7.2	92%
Noncomputer consulting services	<u>0.6</u>	<u>8</u>
Total	\$7.8	100%

- INSLAW's applications software packages evolved from PROMIS (Prosecutor's Management Information System), a custom system originally developed in 1970 to assist the public prosecutor in Washington, D.C. in managing a high-volume case load of street crimes.
- The software has since evolved into more generalized tracking, management, and decision support systems for public and private sector clients to track cases, matters, or people through legal or administrative processes.

- INSLAW's public and private sector software packages are currently operating at or being installed in over 160 locations.
- INSLAW's software products are on-line, real-time systems with supplemental batch update and reporting capabilities. They run on IBM 370/43XX/30XX mainframes and on Wang VS Systems, DEC VAX, Prime 50 Series, and Burroughs 1900 minicomputers.
- INSLAW's public sector applications software is marketed primarily to the public justice system, including courts (criminal, civil, and appellate), jails, public prosecution offices, juvenile justice agencies, and state and local civil attorney offices.
  - Software packages currently available for the public sector are each licensed at \$2,200 monthly or \$55,000 for a five-year license, and include the following:
    - PROMIS 82<sup>T.M.</sup> tracks arrests, cases, defendants, witnesses, and other parties through events in the criminal justice process at federal, state, and local levels. The system also records reasons for discretionary actions such as arrest rejections, case postponements, and final dispositions.
      - In March 1982 INSLAW was awarded a three-year, \$10 million contract by the U.S. Department of Justice to install versions of PROMIS 82 in all 94 U.S. Attorneys' Offices throughout the U.S.
    - DOCKETRACT<sup>T.M.</sup> automates civil and criminal trial court scheduling functions and tracks cases, defendants, litigants, attorneys, other parties, and events from filing to disposition. The system also provides on-line docketing and calendaring, speedy trial monitoring, and centralized case management.
      - An optional Debt Collection module provides tracking and reporting capabilities to aid in the collection of fines and other debts. The module is licensed separately for \$1,000 monthly or \$25,000 for a five-year license.
    - JAILTRAC<sup>T.M.</sup>, an on-line booking and jail management system, supports daily operations of booking agencies, pretrial release agencies, and detention centers. In booking/detention facilities it is used to record a detainee's movements through the facility from booking through release. For pretrial release and diversion agencies, JAILTRAC monitors compliance with release conditions and permits analysis of workload and program statistics.
      - Special features include automatic release data calculation, inmate fund accounting, visitor control, counting of inmates by cell and block, and inmate scheduling.

- Printed output includes shift logs, jail population reports, incident reports, and booking and arrest forms.
- YOUTHTRAC<sup>T.M.</sup>, a juvenile justice system, collects information on each juvenile brought into an agency and tracks the progress of the referral through final disposition, with provisions for security and confidentiality requirements.
- REGULAW<sup>T.M.</sup> assists regulatory and administrative law agencies in workload control and reporting. On-line indexes provide access to information on cases and matters by docket number, party name, judge, attorney, company, or appeals court number.
  - Ad hoc and regular reports identify lagging cases and produce statistics for reporting and long-range planning.
- CASETRAC<sup>T.M.</sup>, designed for offices of state attorneys general and state's attorneys, tracks civil and criminal cases and monitors case progress through preparation and litigation stages.
  - Additional capabilities include attorney timekeeping, case weighting, and legal issue indexing.
  - The optional Debt Collection module is available with the system.
- CIVILTRAC<sup>T.M.</sup> records motions, demands, depositions, pleadings, forms of discovery, and other case documentation in tort actions against state or local jurisdictions.
- All of INSLAW's public sector software features menu-driven screens; on-line data entry, update, and tally; on-line retrieval; logging and recovery; security checking; data base adjustment; purging; and reports and form generation.
- In both the U.S. and United Kingdom, local authorities often have data processing departments that service public justice agencies as well as other departments. INSLAW plans to develop case control packages to assist social services, zoning, civil service, and public housing departments.
- INSLAW's private legal sector applications software is primarily marketed to the 300 largest U.S. corporate law departments and 1,200 largest law firms (firms with 40 or more lawyers).
- MODULAW<sup>T.M.</sup> I, introduced in 1982, is a modular law office management system designed for corporate law departments and for legal practice management in law firms. The modules can be licensed separately, or as a complete package for \$2,200 monthly or \$55,000 for five years. Operations supported by MODULAW I include the following:



- Docket control and calendaring.
  - Conflict-of-interest searching.
  - Issue indexing.
  - File management.
  - Off-line production of management and administrative reports and forms generation.
- In April 1983 INSLAW acquired the ILMS II law firm accounting package from Eastern Information Services, Inc. of Willow Grove (PA). INSLAW is integrating MODULAW software with ILMS II to form a new product, MODULAW II, scheduled for delivery in 1984.
  - MODULAW II is being designed for private law firms to integrate the automation of back and front office operations. It will provide attorney timekeeping, billing, and accounting functions, as well as MODULAW I capabilities and linkage to Mead Data Central's LEXIS<sup>TM</sup> and NEXIS<sup>TM</sup> data bases.
  - INSLAW has established a consortium of major law firms to help define the newly-integrated product and to finance its development.
- INSLAW also provides custom-tailored versions of its software for specific organizational requirements using its GENTRAC<sup>TM</sup> case control application generator for Generic Tracking.
  - INSLAW has developed a social service client tracking system based on specifications furnished by a consortium of social services departments in England.
  - The company has developed and is installing a nationwide debt collection package for U.S. attorneys who are the bill collectors of last resort for the federal government. INSLAW is also marketing versions of the software to agencies with large internal debt collection programs.
  - INSLAW is tailoring its case control software for claims processing and adjudication applications to market to agencies of the federal government and property and casualty insurance companies.
- Software licensing fees include software, system and user documentation, a full training program, and first year's maintenance.
  - INSLAW also offers implementation assistance (requirements analysis and system tailoring), installation and testing, data conversion, and additional training services.
  - Hotline telephone services are available 9:00 A.M. to 8:00 P.M. (EST) weekdays.

- INSLAW provides on-line processing to 60 clients through its INSLAW-Net<sup>TM</sup> service. Each of INSLAW's applications software products are available for access on the network. Telephone technical support is available from 8:00 A.M. to 11:00 P.M. (EST).
- In August 1983 an agreement was announced between INSLAW and Mead Data Central to provide their respective customers access to each company's services, effective December 1983.
  - Mead Data Central subscribers will use the MeadNet<sup>TM</sup> network to gain access to INSLAW-Net.
  - Customers running INSLAW software in-house or on INSLAW-Net will be able to access MeadNet.
- Also in August 1983 INSLAW acquired exclusive marketing rights to two software products that are now available as applications on INSLAW-Net. The software is not available for sale as separate packages.
  - The Congressional Correspondence Management System (CCMS) provides constituent data base management, correspondence tracking, electronic mail, word processing, and tickler system capabilities for the offices of elected public officials.
  - MANCOM is designed for trade associations and performs functions comparable to CCMS.
- Noncomputer consulting services are currently provided to customers through the Quantitative Analysis Division. INSLAW research staff study customer data tapes, assess operations, develop decision support models, evaluate the impact of managerial decisions, and analyze new approaches to legal management.
- INSLAW management has identified long-range plans for new products and services in the following areas:
  - Connecting law firms and city/corporate legal departments on-line to courts for improved scheduling of cases.
  - Linking U.S. attorneys with local district attorneys to determine concurrent prosecution against the same career criminals.
  - Linking court systems within a metropolitan area to avoid concurrent scheduling of the same attorneys in different courthouses.
  - Providing software modification, update, and support services and decision support software by linking INSLAW-Net with customers' in-house computers.

## INSLAW, INC.

- Creating microcomputer versions of INSLAW software packages.
- Creating decision support software that incorporates statistical results of quantitative analysis services.

### INDUSTRY MARKETS

- Virtually all of INSLAW's fiscal 1983 revenue was derived from legal applications. Clients are primarily from the federal, state, and local government, corporate law departments, and private law practices.

### GEOGRAPHIC MARKETS

- INSLAW's fiscal 1983 revenue was derived approximately as follows:

U.S.	95%
Foreign (Australia, Canada, Europe, Mid and Far East)	<u>5</u>
	100%

- The INSLAW-Net Division is headquartered in Lanham (MD), a suburb of Washington, D.C. All other divisions are located in INSLAW's Washington, D.C. headquarters.
- INSLAW Europe Ltd. is headquartered in Dublin, Ireland.

### COMPUTER HARDWARE AND SOFTWARE

- INSLAW has the following computers installed at its data center in Lanham:
  - 1 IBM 4341, VM/SP, DOS/VSE.
  - 1 IBM 4331, DOS/VSE.
  - 2 DEC VAX-11/780s, VMS.
  - 4 DEC PDP-11/70s, RSTS/E.
  - 1 Wang VS 80, VS/OS.
- Clients can access the INSLAW-Net network via dial-up, dedicated telephone lines, or TYMNET.



acquired by Comdata Network (1984)

## COMPANY HIGHLIGHT

**INSTACOM, INC.**  
Instacom Centre  
7610 Stemmons Freeway  
Dallas, TX 75247  
(214) 631-1505

William C. Kennedy, Jr., Chairman and  
CEO  
Public Corporation, OTC  
Total Employees: 300  
Total Revenue, Fiscal Year End  
12/31/82: \$15,300,741

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## THE COMPANY

- Instacom, Inc. was founded in 1971 to provide funds transfer and document transmission processing services to the trucking industry. In 1982 the company also began offering check verification processing services for retail establishments.
- In November 1981 Instacom made its first public offering of common stock. Net proceeds of \$6.8 million from the sale of 765,000 shares were used for expenses associated with the company's new office facility, to repay short-term bank debts, and for general corporate purposes including working capital to expand services to the trucking industry and the development and marketing of new services.
- 1982 revenue reached \$15.3 million, an 18% increase over 1981 revenue of \$13 million. Net income rose 13% from \$2.4 million in 1981 to \$2.7 million in 1982. A five-year financial summary follows:

INSTACOM, INC.  
FIVE-YEAR FINANCIAL SUMMARY  
(\$ thousands, except per share data)

ITEM \ FISCAL YEAR	1982	1981	1980	1979	1978
Revenue	\$ 15,301	\$ 12,967	\$ 9,448	\$ 7,146	\$ 4,807
• Percent increase from previous year	18%	37%	32%	49%	24%
Income before taxes	\$ 4,388	\$ 4,033	\$ 2,711	\$ 1,894	\$ 536
• Percent increase from previous year	9%	49%	43%	253%	2%
Net income	\$ 2,687	\$ 2,383	\$ 1,506	\$ 1,314	\$ 297
• Percent increase (decrease) from previous year	13%	58%	15%	342%	(7%)
Earnings per share	\$ 0.63	\$ 0.66	\$ 0.43	\$ 0.38	\$ 0.08
• Percent increase (decrease) from previous year	(5%)	53%	13%	375%	(11%)

- Management attributes increases in revenue primarily to growth in the funds transfer business of the company.
- Costs and expenses increased 26% from \$9 million (70% of revenue) in 1981 to \$11.3 million (74% of revenue) in 1982.
  - Of this increase, approximately \$1.8 million was related to an increase in transaction volume, including costs associated with higher payroll expenses due to a doubling of marketing and data processing personnel and higher telephone charges. The balance of the increase was associated with expansion of the company's facilities.

- A further breakdown of source of revenue by service type follows (\$ thousands):

Revenue Source	1982	1981	1980
Funds transfer fees	\$ 11,098	\$ 9,384	\$ 6,629
• Percent increase over previous year	18%	42%	40%
Document transmission fees	\$ 3,909	\$ 3,583	\$ 2,819
• Percent increase over previous year	9%	27%	17%
Check verification fees	\$ 294	N/A	N/A
• Percent increase over previous year	-		
Total Revenue	\$ 15,301	\$ 12,967	\$ 9,448

- Funds transfer fees increased \$1.7 million or 18% from \$9.4 million in 1981 to \$11.1 million in 1982.
  - Transaction volume increased 23% in 1982 to 457,000 transactions, which was partially offset by a decline in the average revenue per transaction from \$4.80 in 1981 to \$4.60 in 1982.
  - The decline in average revenue per transaction was primarily due to competitive pricing and unfavorable conditions in the trucking industry.
- Revenue derived from document/permit transmission services increased 9% from \$3.6 million in 1981 to \$3.9 million in 1982, primarily due to higher average fees for certain types of permits.
- On March 3, 1983 Instacom issued 810,000 shares of common stock. The net proceeds to the company, estimated at \$10 million, will be used to purchase computer equipment and point-of-sale terminals, to provide working capital for expansion of check verification and collection services, to purchase electronic authorization equipment for funds transfer services, and for general corporate purposes.
- Revenue for the three months ending March 31, 1983 reached \$4.1 million, an 11% increase over revenue of \$3.7 million for the same period in 1982. Net income decreased 10% to \$687,000 from \$764,000 in 1982.

## INSTACOM, INC.

- As of December 31, 1982, Instacom had 300 employees. The company currently has 305 employees, segmented as follows:

Marketing/sales	13
Customer services	253
Computer operations and development	15
General and administrative	<u>24</u>
	305

- Instacom's competitors vary according to services performed, as follows:
  - Funds transfer services: competitors include Comdata Network, Inc., Western Union Corporation, and various oil company credit and fleet billing services.
  - Document transmission services: competitors include American Facsimile Systems and Western Union Corporation.
  - Check verification services: Instacom has a number of regional and national check verification and check guaranty companies as competitors, including Telecredit, Inc., Tymshare, Inc. (Telecheck Services Inc.), Checktronic, and Vali-Check.

### KEY PRODUCTS AND SERVICES

- One hundred percent of Instacom's 1982 revenue was derived from remote computing services.
- Instacom's funds transfer, document transmission, and check verification services contributed to 1982 revenue as follows:

<u>Service</u>	<u>Percent of Revenue</u>
Funds transfer	72%
Document transmission	26
Check verification	<u>2</u>
	100%

- Instacom's funds transfer services allow customers in the trucking industry to disburse specified amounts of cash to drivers at various locations along a designated route. There are currently three funds transfer services available.
  - The Insta-Check® service is designed for use by customers with large transaction volumes. Instacom issues these customers transaction forms with computer-generated transaction numbers. A typical Insta-Check transaction occurs in the following manner:



- A truck driver telephones his dispatcher for funds. The dispatcher approves the dollar amount to be transferred, gives the driver the appropriate transaction number, completes the transaction form, and sends it to the accounting department for payment to Instacom for the approved amount plus applicable service fees.
- The driver records the transaction number on a blank Instacom draft and presents it to the disbursing agent. Before cashing the draft, the agent calls Instacom's toll-free number to obtain an authorization code. The Instacom operator enters the transaction number and other driver information into the computer. If the system accepts the transaction, the operator relays a computer-generated authorization code to the agent who can then advance the cash with a guaranty that the draft will be honored by Instacom. The verification process generally requires less than one minute.
- Until the introduction of the Insta-Fuel<sup>T.M.</sup> program in late 1982, approximately 95% of the company's funds transfer transactions involved the use of its Insta-Check service.
- The Insta-Fuel program was introduced in November 1982 to provide more timely funds transfers for cash fuel purchases.
  - The truck driver is issued a plastic card imprinted with various transaction and security codes, eliminating the need to call the dispatcher for a transaction number to make a purchase.
  - The Instacom operator obtains information including the amount of cash advanced from the disbursing agent and the volume, cost, and type of fuel purchased, which is entered into the computer. If the funds request does not exceed the daily limit authorized by the customer, the transaction is accepted by the Instacom system.
  - The customer has an Instacom-owned microprocessor installed at his location to permit on-line access to transaction data stored on Instacom's computer. The customer can authorize or modify daily purchase limits, send messages to drivers, and track drivers' routes. Using the data collected by the Instacom system, the customer can obtain reports on purchases segmented by driver, vehicle, and truck stop, as well as fuel price surveys.
  - Instacom bills the customer at the end of each day through the printer attached to the customer's microprocessor.
- The Service Center program is designed for customers who do not generate a sufficient volume of business to justify the Insta-Check or Insta-Fuel services. The customer may use Instacom's 24-hour funds

transfer services by using preestablished credit; authorizing a Master Card, VISA, or local bank charge; or delivering cash to a local agent for transfer to a second agent location.

- Instacom contacts the disbursing agent in advance to complete a draft form for the requested transaction.
  - When the driver requests the cash, the agent places a toll-free call to Instacom. The transaction proceeds in the same manner as one involving the Insta-Check service.
- Instacom currently provides funds transfer services to over 1,250 companies in the trucking industry.
  - Funds transfers are processed 24 hours a day, 7 days a week.
  - Instacom has a network of over 4,000 agent locations where drafts can be cashed. Over 10,000 other locations, including banks and other commercial establishments, cashed the company's drafts during 1982.
- Instacom offers its Insta-Permit<sup>TM</sup> document transmission service to clients requiring special regulatory permits to transport goods within certain states.
  - Instacom determines which permits are required and electronically transmits them to agent or customer terminal locations where they can be printed out and obtained by the truck driver.
  - The transmission equipment is owned by Instacom and is typically placed in state permit-issuing authorities' offices and in truck stops close to state borders.
  - Instacom currently provides these services to over 2,000 clients. Permit services historically have not made a significant contribution to Instacom's overall profitability. Insta-Permit is regarded as a convenience to existing funds transfer customers and as a service to attract new customers. In late 1982 Instacom initiated the use of computer-generated permit forms, which will reduce overhead and increase future profitability levels.
- Instacom provides on-line check verification services to over 500 customers in over 800 locations.
  - The service, introduced in July 1982, is marketed to retail establishments that accept checks from consumers such as convenience stores, supermarkets, drug stores, and department stores.
  - The driver's license number of the check writer is entered by the store employee through a touch-tone telephone or point-of-sale terminal and relayed to Instacom's computer.

- Data files are searched for current bad check information and a coded response is relayed back to the retailer by computerized voice response, printout, or LED display, which is used to accept or reject the check.
- The retailer is charged a monthly fee based upon transaction volume.
- Instacom also offers an automated check collection service for bad checks that the verification procedure fails to eliminate. A \$10.00 to \$12.00 service charge is usually collected from the check writer for each bad check.
- Check verification services are presently available in four cities in Texas and New Mexico.

#### INDUSTRY MARKETS

- Instacom's 1982 revenue was derived as follows:

Transportation (trucking)	98%
Retail	<u>2</u>
	100%

#### GEOGRAPHIC MARKETS

- Approximately 99% of Instacom's 1982 revenue was derived from the U.S. and 1% from Canada.
  - Funds transfer and document transmission processing services are provided nationwide and in Canada.
  - Check verification services are available in Texas and New Mexico.
- Branch offices are located in Houston, El Paso, and Albuquerque.

#### COMPUTER HARDWARE AND SOFTWARE

- Instacom has six Tandem NonStop IIs installed at its headquarters in Dallas.
- The company maintains 66 inbound and 21 outbound WATS lines for its funds transfer and document transmission services.
  - Microprocessor-based terminals are installed at each Insta-Fuel client location.
- Check verification clients access Instacom's mainframe via local dial-up.

